DOMINION OF CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY-SECOND PARLIAMENT

2-3 ELIZABETH II

BEING THE 96TH SESSION FOR THE PERIOD 1867-1954

VOLUME III, 1953-54

COMPRISING THE PERIOD FROM THE EIGHTEENTH DAY OF FEBRUARY, 1954,
TO THE TWENTY-FOURTH DAY OF MARCH, 1954, INCLUSIVE

INDEX ISSUED IN A SEPARATE VOLUME

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1954

HOUSE OF COMMONS

Thursday, February 18, 1954

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

Second report of standing committee on banking and commerce.—Mr. Croll.

CRIMINAL LAW—CONCURRENCE IN FIRST REPORT OF JOINT COMMITTEE

Mr. D. F. Brown (Essex West) presented the first report of the joint committee on capital and corporal punishment and lotteries, and moved that the report be concurred in.

Motion agreed to.

TRADE

CANNED SALMON—RELAXATION OF IMPORT RESTRICTIONS BY AUSTRALIAN GOVERNMENT

Right Hon. C. D. Howe (Minister of Trade and Commerce): I wish to inform the house that the Australian government is undertaking a measure of relaxation in its import restrictions upon canned salmon. This news is important because it signifies the partial reopening of the Australian market to a Canadian export product which has been excluded from there in recent years. Further details on this matter will come from the Australian government.

While the total quantities involved may not be large, this renewed opportunity for trade will undoubtedly be welcomed in British Columbia and elsewhere in Canada as evidence of progress in returning to more normal conditions of world trade. Canned salmon is one of our major export products. Immediately before the war Canada had a market for canned salmon in Australia which amounted to $1½ million or $2 million per year. Since then these exports have been much reduced, until in recent years the quantities have become negligible. The Australian decision will, therefore, permit the Canadian industry to return once more to this traditional market.

The house is aware of the fact that the Minister of Finance (Mr. Abbott), accompanied by a delegation of senior officials, attended the commonwealth finance ministers' conference in Sydney, Australia, last month. Following that conference the Canadian representatives took advantage of the opportunity of discussing trade questions with the Australian government in Canberra.

I desire to extend my vote of thanks to the Minister of Finance.

Mr. Green: May I ask the minister whether he can tell the house how much salmon is involved in the deal?

Mr. Howe (Port Arthur): We were asked by the Australian government not to disclose that information at the moment. It will be released in Australia.

WHEAT

NEW SELLING PRICES AT VANCOUVER, FORT WILLIAM AND CHURCHILL

Hon. George A. Drew (Leader of the Opposition): Is it the intention of the Acting Prime Minister to make any announcement today with regard to the reduction in the price of wheat and the particular circumstances in which that reduction has been made?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I shall be glad to do so, if it is the wish of the house. I thought there might be a question asked with respect to the matter, and that I would then make a statement.

The new prices that have been issued do not really represent a lowering of the prices. We have three marketing points. One is Vancouver, another is Fort William-Port Arthur and the third is Churchill. It has been our policy to price our wheat for export the same at all three points. In other words, the price at Vancouver is also the price at which grain is sold at Fort William and at Churchill. Owing to higher rail rates within Canada and lower ocean freight rates outside of Canada, the effect of that policy has been that the comparative Vancouver rate has been very much lower than the Fort William rate. While the port of Vancouver has been working to full capacity—in fact we have even exceeded the record of this time last year in shipments from Vancouver—we have

lost business in the east owing to the fact that our selling prices on the east coast were out of line with world markets.

There has been no change in the selling price at Vancouver; there has been a slight increase in the selling price at Churchill, and there has been a reduction in the selling price at Fort William.

I can give the relative figures. These sales are based on United States funds. The Vancouver price today, in United States funds, is $1.92⅝; at Churchill the new price is $1.94⅝; and the new price at Fort William is $1.85⅜. I have here the prices of the various grades. If the hon. members wish me to do so I can put the table on *Hansard*. I am satisfied that the new pricing is realistic and will allow grain to move in the normal way.

The effect in the country was that while producers in Alberta are being enabled to fill their five-bushel quota, the same privilege has not been afforded to producers in Manitoba and in eastern Saskatchewan. If the old pricing had been continued, that would have been the effect for a considerable period.

The board has perhaps been a little slow in moving in a situation that was becoming more and more difficult all the time.

Britain has been buying nearly all her wheat basis Vancouver, bringing it through the canal and enjoying a price reduction in London by doing so. This will permit Britain to buy basis Vancouver, Montreal or Halifax and get the same delivered price in the United Kingdom no matter from which port they wish to buy.

I might point out that these prices are the prices of this day. The prices I have given were issued by the board as being good until noon today. Tomorrow's price lists may be different, and if the demand strengthens there is a distinct possibility that prices may be increased. But to have a price at Fort William that is not effective because no wheat is being sold at Fort William is hardly a situation that any member of the house, I think, would wish to have continued. The list of prices is as follows:

CANADIAN WHEAT BOARD PRICES

February 17, 1954 (until 1:15 Winnipeg time Feb. 18/54)

I.W.A. — DOMESTIC — CLASS II

BASED IN STORE

Grades—	Fort William/Port Arthur		Vancouver		Churchill	
	U.S.	Can.	*U.S.*	Can.	*U.S.*	Can.
No. 1 Northern	*1.85 3/8*	1.79	*1.92 5/8*	1.86	*1.94 5/8*	1.88
No. 2 Northern	*1.81 1/4*	1.75	*1.88 3/8*	1.82	*1.90 1/2*	1.84
No. 3 Northern	*1.77*	1.71	*1.83 1/4*	1.77	*1.86 3/8*	1.80
No. 4 Northern	*1.70 7/8*	1.65	*1.77*	1.71	*1.80 1/8*	1.74
No. 5	*1.67 3/4*	1.62	*1.67 3/4*	1.62		
No. 6	*1.66 3/4*	1.61	*1.66 3/4*	1.61		
Feed	*1.62 1/2*	1.57	*1.62 1/2*	1.57		

NOTE: These are the second day's prices under the new pricing arrangement. The changes from the previous day are as follows:—

(*a*) All prices up 1/8 cent, except

(*b*) Spread widened 1 cent on No. 3 and 4 Northern basis Vancouver only.

Conversions made at .96 19/32.

Mr. Drew: Then the new policy, and it is a new policy, is mainly directed toward encouraging the shipping of wheat east from Fort William instead of letting the preponderance of shipments go by Vancouver, as has been the case in recent months. As I understand it, up to January 27, 65 million bushels were shipped from Vancouver and 49 million bushels from the eastern seaboard. This is not so much a question of commercial pricing as a question of seeking to redirect the movement of wheat by the price. Is that not the case?

[Mr. Howe (Port Arthur).]

Mr. Howe (Port Arthur): I would hardly say the purpose is to redirect wheat. It is to equalize the various outlets, to set the prices at these ports in a way that will give the buyer the option of buying from the port which he usually uses, without a price penalty. That is the real situation. I think it will have no effect on the Vancouver movement. In fact the port of Vancouver is booked well through March at the present time. But we are losing business to other countries that the port of Vancouver is incapable of handling, and I think this correction of the price

differential will correct that situation and result in the sale of more Canadian wheat.

Mr. Drew: Will this have the effect of bringing about a different price to the producer in the eastern part of the western provinces compared with the producer in the western part of the western provinces?

Mr. Howe (Port Arthur): No.

Mr. Drew: The price will remain the same?

Mr. Howe (Port Arthur): Yes.

Mr. H. R. Argue (Assiniboia): I should like to ask the minister a question. Will the effect of the announced change not be to reduce by 7 cents a bushel, in respect of the quantity of wheat that would otherwise have gone through Port Arthur and Fort William, the funds going to the wheat board, and consequently bring a reduction in the return to the producer not of 7 cents a bushel but of part of the 7 cents?

Mr. Howe (Port Arthur): There is no grain through Fort William and Port Arthur. You cannot decrease nothing.

Mr. Argue: There were 45 million bushels this crop year.

Mr. Howe (Port Arthur): That was last summer, when the freight rate situation was somewhat different.

Mr. Argue: You cannot get through on account of the ice?

Mr. Howe (Port Arthur): No, the wheat goes down by rail. When water movement is free a new look will be taken at the situation. These differentials are not fixed. Today grain has to be moved either from Fort William and Port Arthur or from the Georgian bay by rail to Halifax and Saint John, and the change in pricing is realistic in view of that situation.

[Later:]

Mr. Howard C. Green (Vancouver-Quadra): I should like to ask a supplementary question of the Minister of Trade and Commerce in connection with his statement. Is there in contemplation any increase in facilities for the handling of grain at the port of Vancouver?

Mr. Howe (Port Arthur): I have had no information of any contemplated increase in facilities.

DRUGS

VITAMIN PREPARATIONS—INQUIRY AS TO STRENGTH

Hon. Paul Martin (Minister of National Health and Welfare): I should like to table a written reply to the question which the hon. member for Vancouver-Kingsway asked me yesterday.

Mr. MacInnis: I think this question is of considerable importance, and if the answer is not too long I would ask the minister to put it on *Hansard*.

Mr. Claxton: Let us stick to the rules.

An hon. Member: Let him read the answer.

Mr. MacInnis: We did that a moment ago with the Minister of Trade and Commerce.

Mr. Martin: I think it could be put on *Hansard* if I table it. If I table it, it would go on *Hansard* with unanimous consent.

Mr. Knowles: Tabling does not put it on *Hansard*.

Mr. Martin: It will go on if we agree.

Mr. Speaker: Is the answer tabled or is it to be printed in *Hansard*?

Mr. Martin: Tabled, and it will be printed in *Hansard*. I think that was the request of the hon. gentleman.

Mr. Fulton: They are two different things.

Mr. Speaker: Tabling is one thing and having a document printed in *Hansard* is another. If it is to be printed in *Hansard* I will have to ask hon. members if they will give their consent. Is it agreed that it be printed in *Hansard*?

Some hon. Members: Agreed.

Mr. Martin: The answer is as follows:

A comprehensive survey by the food and drug divisions of the Department of National Health and Welfare of over 250 manufacturers representing practically the entire trade has shown that those companies supplying the bulk of pharmaceutical vitamins now have products which meet their label claims. Products of manufacturers with inadequate controls were not as satisfactory but these have been checked and considerable improvement has been shown.

The food and drug divisions analyse samples taken from the market and those not meeting the strength declared on the labels are withdrawn from sale. Checks are also made by the department of the labels and advertising of these products to make certain that they are honestly presented to the public.

QUESTIONS

CANADIAN MARITIME COMMISSION ESCROW FUND

Mr. Green:

1. What is the nature of the escrow fund under the replacement plan administered by the Canadian maritime commission?
2. How many ships have been sold under this replacement plan?
3. What is the amount of the total deposits now in this escrow fund and to whom does this money belong?

Questions

4. In what manner have funds drawn from this escrow fund been used?
5. How much is now available in the fund for acquisition of new tonnage?
6. Were funds permitted to be used for building other than ocean-going replacements for the vessels sold?
7. Have any ocean-going dry cargo ships been acquired under the plan to date?
8. If not, what is the reason?
9. Have any proposals for acquisition of more modern dry cargo tonnage been made to the Canadian maritime commission since the inception of the replacement plan?
10. If so, what were the proposals and when were they made?
11. Have any such proposals been accepted?
12. If not, why were they not accepted?

Mr. Langlois (Gaspe):

1. Owners of ships subject to the covenant restricting such ships to Canadian registry may obtain relief from such covenant in order to sell to foreign registry if the proceeds of sale are deposited in escrow, in the name of the ship owner, for replacement purposes. These deposits constitute the escrow fund.

2. 85.

3. (a) $7,723,686.50; (b) to the depositor.

4. (a) For the cost of the construction and acquisition of ocean-going ships; (b) for the cost of the modernization and improvement of existing units of our ocean-going fleet; (c) for a part of the cost of the construction of modernization of tonnage for use in our domestic trades such as the canals and great lakes.

5. See answer (a) to No. 3.

6. Yes; see answers (b) and (c) to No. 4.

7. Yes.

8. Answered by No. 7.

9. Yes.

10. Many and varied proposals were made from 1948 onwards for: (a) the building of tonnage in Canadian shipyards; (b) the building of tonnage abroad; (c) the acquisition of existing tonnage; (d) the acquisition of tonnage for Canadian registry; (e) the acquisition of tonnage for registry other than Canadian.

11. Yes.

12. Answered by No. 11.

SOCIAL SECURITY PAYMENTS, PRINCE EDWARD ISLAND

Mr. Kickham:

How much money did the province of Prince Edward Island receive each year since 1946, in connection with the social security program, including old age pensions, family allowances, blind pensions, etc.?

Mr. Robertson:

	Family Allowances	Old Age Pensions	Blind Pensions	Old Age Security
1946-47	$ 2,192,044 00	$ 350,808 13	$ 24,211 44	.....
1947-48	2,256,477 00	478,924 19	29,423 60	.....
1948-49	2,295,286 00	593,070 14	30,928 72	.....
1949-50	2,411,291 00	865,299 30	40,336 10	.....
1950-51	2,467,257 00	945,051 64	43,342 92	.....
1951-52	2,495,987 00	745,143 45	38,353 93	$ 754,720 00
		* 6,532 45		
1952-53	2,522,830 00	* 66,313 41	26,680 54	3,155,700 00
1953-54 (to Jan. 31)	2,130,160 00	* 63,491 88	20,929 30	2,668,660 00
	$18,771,332 00	$4,114,634 59	$254,206 55	$6,579,080 00
Grand total	$29,719,253 14			

* Old age assistance payments.

HEIGHT-WEIGHT SURVEY

Mr. Follwell:

What is the nature and purpose of the height-weight survey which has recently been carried on in Canada?

Mr. Robertson: Because overweight is deemed to be a factor in disability or early death from diseases such as diabetes, high blood pressure or heart disease the problem of overweight is receiving much attention. To determine whether a person is overweight requires comparison with some standard table. However, the standard tables at present in use were derived from limited studies on small groups of people scattered throughout various countries.

Therefore the world health organization and other interested bodies have recommended that each country consider carefully

the standards in use, with a view to preparing one representative of its own population. Canada is one of the first countries—if not the first—to meet this recommendation and to conduct a height-weight survey on a representative sample of the population of the whole country.

Under the direction of the chief of the nutrition division of the Department of National Health and Welfare and the guidance of the dominion bureau of statistics, the staff of the nutrition division has weighed and measured 22,000 persons throughout Canada. These measurements are now being averaged according to sex, height and age. A new standard table will soon become available giving the average weight of Canadians in each category. While this average weight may not be the ideal weight for an individual (this only his doctor can decide) it is the considered opinion of medical experts that the average weight can serve as a guide to everyone in eating with a view to adjusting his or her weight to that which will help to ensure good health.

CANCER CONTROL GRANTS

Mr. Follwell:

By provinces and by years, how much money has been expended by the federal government under the cancer control grant since the national health grants program was inaugurated?

Mr. Robertson:

	Expended 1948–49	Expended 1949–50	Expended 1950–51	Expended 1951–52	Expended 1952–53	Approved 1953–54 (to Feb. 1)
	$	$	$	$	$	$
Newfoundland	—	45,415	54,309	41,746	40,730	52,308
Prince Edward Island	5,010	10,582	9,365	9,306	8,070	11,036
Nova Scotia	36,380	61,158	67,733	45,165	62,755	83,338
New Brunswick	121,742	29,925	82,863	75,865	100,949	131,184
Quebec	170,418	246,069	646,083	951,404	885,472	928,785
Ontario	56,750	174,346	206,828	242,780	256,329	350,000
Manitoba	38,336	42,111	57,886	78,861	137,029	135,431
Saskatchewan	234,671	232,444	228,705	227,186	214,785	210,244
Alberta	154,979	206,821	227,096	231,942	242,600	241,917
British Columbia	48,355	86,466	112,238	137,837	178,159	195,126
Northwest Territories	—	—	—	—	400	1,128
Yukon	—	—	—	—	—	—
All Provinces	866,641	1,135,337	1,693,106	2,042,092	2,127,278	2,340,497

CANADIAN VESSELS ON U.K. REGISTRY

Mr. Green:

1. How many applications have been received from Canadian owners of ocean-going vessels for transfer to United Kingdom registry, since the government announcement of November 12, 1953?
2. How many have been approved?
3. How many are pending?
4. At completion of the present transactions, how many Canadian-owned vessels subject to government control will be on United Kingdom registry?
5. Under what conditions can the transfer agreement between the Canadian and United Kingdom governments be terminated or the vessels returned to Canadian registry?
6. What plans, if any, has the government in hand to man and operate these vessels if they should be returned to Canadian registry?
7. What plans, if any, are in hand for modernizing and replacing the Canadian-owned vessels now on United Kingdom registry?

Mr. Langlois (Gaspe):

1. 21.

2. 11.

3. 10.

4. This will depend on the outcome of such transactions; at present there are 91 such ships, plus 5 stores-issuing ships remaining on loan to the United Kingdom government.

5. At the request of either government.

6. In the event of the return of any or all of these vessels to Canadian registry their Canadian owners, operators or managers would man and operate them as they did in the past.

7. As has already been done, Canadian owners of such vessels seeking to modernize or replace may sell under the replacement plan.

FOOD AND DRUGS—FOOD STANDARDS

Mr. White (Waterloo South):

In the case of a food processing manufacturer wishing to add a certain chemical to food as a preservative, emulsifier, colouring agent, etc., what criteria are used by the Department of National Health and Welfare in deciding whether the food

standards under the Food and Drugs Act ought to be amended to permit the use of another chemical or a new chemical in the food?

Mr. Robertson: The Food and Drugs Act forbids the sale of a food that has in or upon it any harmful or poisonous substance. The act also forbids the sale of foods that are processed in such a way as to be deceptive or likely to create an erroneous impression as to their value, composition, or merit. The department must therefore consider these sections of the act when dealing with addition of chemicals to foods.

The following criteria have been adopted:

1. Evidence must be produced by the manufacturer to prove that the substance he proposes to add will not be harmful in the quantities used and under the conditions of use that may arise in consumption of the food.

2. The use of a chemical in a food must not result in any fraud being perpetrated through the sale of the food.

3. A method must be available for determining the amount of the chemical in the food.

4. A real need should be demonstrated for the proposed use of the chemical.

5. It is preferable that the request for the use of the chemical be made by the food industry concerned rather than by the chemical manufacturer.

In addition, the department consults other departments which have an interest in the food in question because of legislation administered by them.

COUNTY HEALTH UNITS, ONTARIO—HEALTH GRANTS

Mr. Cavers:

1. Have county health units in the province of Ontario been assisted under the national health grants program?

2. If so, what units were assisted and what was the amount of such assistance each year during the first five years the program was in operation?

Mr. Robertson:

Name—	1948–49	1949–50	1950–51	1951–52	1952–53
	$	$	$	$	$
Brant county	—	967	2,835	2,157	1,366
Bruce county	—	1,068	4,881	7,481	10,484
Carleton	23,711	17,716	—	—	—
Dufferin	—	2,494	—	—	675
Elgin-St. Thomas	—	1,842	2,732	8,011	10,118
Fort William	—	—	—	—	6,161
Halton	—	10,664	14,094	9,210	7,616
Huron	—	23,088	32,724	20,303	29,318
Kenora-Keewatin	11,082	16,497	14,440	14,954	20,839
Kent	—	788	—	2,268	6,846
Lambton	—	153	3,531	4,250	7,356
Leeds and Grenville	—	3,232	7,305	5,315	5,707
Lennox and Addington	—	340	2,845	4,821	11,747
Muskoka	—	—	15,706	14,665	22,050
Northumberland and Durham	—	4,043	7,868	7,268	4,509
Oxford-Ingersoll	—	1,701	3,653	3,970	3,907
Peel county	—	977	11,679	12,714	12,709
Porcupine	—	1,377	4,630	6,712	7,212
Prescott and Russell	—	—	—	—	1,940
Prince Edward	—	1,379	2,479	6,599	10,597
St. Catharines-Lincoln	—	12,397	10,132	10,636	24,100
Simcoe	37,500	39,823	57,088	35,710	61,501
Temiskaming	—	299	1,359	9,601	12,242
United counties	—	1,245	—	760	—
Welland	—	3,699	332	6,285	21,178
Wellington	15,000	15,689	13,063	16,573	28,752
York county	—	—	18,939	25,254	26,145
East York and Leaside	—	—	—	2,302	2,075
All county health units	87,293	161,478	232,315	237,819	357,150

"BELMONT SPREAD"

Mr. Boisvert:

1. Is the product labelled "Belmont Spread", manufactured at Ste. Anne de la Perade, Quebec, a food under the provisions of the Food and Drugs Act?

2. If so, what are the components of such product and the proportion of each?

[Mr. White (Waterloo South).]

Mr. Robertson:

1. Yes.

2. Moisture 20·4 per cent; curd, salt, etc. 5·7 per cent; and fat 73·9 per cent. An examination of the fat indicates that it is probably lard. It also contains a trace of

the preservatives known as propyl gallate and butylated hydroxyanisole.

MARGARINE—GOVERNMENT PUBLICITY

Mr. Poulin:

1. Is there a publication issued by any department or agency of the government in which prospective consumers are advised to serve margarine during meals?
2. If so, what is the name of the said publication and under what authority is it published?

Mr. Robertson:

1. There is no publication issued by the nutrition division of the Department of National Health and Welfare which is concerned with margarine alone or which advises consumers to serve margarine in distinction to other spreads.

2. See answer to No. 1 above.

QUESTIONS PASSED AS ORDERS FOR RETURNS

GOVERNMENT EMPLOYEES NOT CANADIAN CITIZENS

Mr. Fulton:

1. How many persons have been engaged for the service of the dominion government since the commencement of the fiscal year 1950-51 to date, either as government employees or in a representative capacity (but not including temporary clerical employees, manual workers, artisans, etc., employed as such by Canadian diplomatic, trade and military establishments abroad) who (a) are not Canadian citizens, or (b) hold the nationality or citizenship of some other country in addition to Canadian citizenship?
2. Of such persons, what are the names of (a) all who are employed in a representative capacity abroad; (b) those who are employed in Canada who have not yet filed a declaration of intention to become a Canadian citizen, indicating in each case (i) the name of the country other than Canada of which he or she is a citizen or national, and (ii) the nature of such employment or service?

BEEF AND PORK PURCHASES AND SALES

Mr. McCullough (Moose Mountain):

1. How much beef was purchased by the government, during the year 1951 and the year 1952?
2. What was the purchase price per pound in each case?
3. How much of this has been sold to date, to whom and at what price?
4. How much pork was purchased by the government, during the year 1951 and the year 1952?
5. What was the purchase price per pound in each case?
6. How much of this has been sold to date, to whom and at what price?
7. How much was the storage and/or processing costs on the beef and pork so purchased, and to whom were these payments made?

CATTLE SLAUGHTER—PAYMENTS

Mr. McCullough (Moose Mountain):

1. How many cattle were slaughtered under the authority of the Animal Contagious Diseases Act, during the year 1951 and the year 1952?
2. What were the payments per animal to owners for purebred and/or for graded animals so slaughtered?

ATOMIC ENERGY

PEACETIME USE FOR INDUSTRIAL PURPOSES

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Acting Prime Minister, of which I have sent him notice. In view of President Eisenhower's statement yesterday as reported by the Associated Press, to the effect that the United States government proposes to end the government's present monopoly over peacetime use of atomic energy for industrial purposes, does the Canadian government propose taking similar action in the near future?

Right Hon. C. D. Howe (Acting Prime Minister): The practice of the government has been to carry out the security regulations agreed upon among the United States, the United Kingdom and Canada. Those restrictions have been relaxed from time to time, and Canada has always followed the practice prescribed by agreement among the three countries. I do not think it is fair to say that private enterprise has not been permitted to deal in atomic energy, because representatives of private enterprise are now engaged in studying the use of atomic energy for power purposes. In any case, the rules that apply to the three countries will apply in Canada.

(Translation):

VETERANS AFFAIRS

INQUIRY AS TO CLOSING OF VETERANS HOSPITAL AT ST. HYACINTHE

On the orders of the day:

Mr. Joseph Fontaine (St. Hyacinthe-Bagot): Mr. Speaker, I would like to direct a question to the hon. Minister of Veterans Affairs (Mr. Lapointe).

Does the government intend to close the veterans hospital at St. Hyacinthe? If so, when will the hospital be closed and for what reasons?

Hon. Hugues Lapointe (Minister of Veterans Affairs): Mr. Speaker, I thank the hon. member for St. Hyacinthe-Bagot (Mr. Fontaine) for having advised me of his intention to ask this question. This affords me the opportunity of making a brief statement with regard to the St. Hyacinthe hospital for the treatment of tuberculous veterans.

For some time the number of tuberculous veterans entitled to treatment has greatly

decreased so that the number of patients at St. Hyacinthe hospital is constantly decreasing and we expect a further decrease when the new hospital at Quebec opens in the spring for the treatment of tuberculous veterans in that district.

For the efficient treatment of tuberculous patients, we must have the necessary installations, such as clinical laboratories, X-ray apparatus, a department of physiotherapy and occupational therapy, as well as operating rooms. Owing to the reduction in the number of patients at St. Hyacinthe, it is becoming more and more difficult to find sufficient personnel to provide all those sections with the kind of services we wish to give them. But we already have the necessary installation at Ste. Anne de Bellevue, where we can adequately house this limited number of patients. We therefore propose to transfer the veterans still hospitalized at St. Hyacinthe to Ste. Anne de Bellevue hospital before October, 1954. Several persons now employed at St. Hyacinthe will be transferred to Ste. Anne, if they so desire, where they may continue to fulfil their present duties.

I wish to assure the hon. member for St. Hyacinthe-Bagot, who has shown special interest in this matter, that several other members on the hospital staff, whose services will not be required at Ste. Anne, will be able to keep on working at St. Hyacinthe for the Department of National Health and Welfare, which will take over the hospital when it is vacated by the Department of Veterans Affairs.

(Text):

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO FURTHER ACTION

On the orders of the day:

Mr. W. A. Tucker (Rosthern): I should like to direct a question to the Minister of National Health and Welfare. Since he last spoke in this house about the matter, has he anything further to report on a possible solution to the pollution problem in the North Saskatchewan river?

Hon. Paul Martin (Minister of National Health and Welfare): I am glad to have had notice of my hon. friend's question. I believe it will be agreed that the hon. member is perhaps one of the few in this house who have had an opportunity of seeing the situation, as I understand he recently visited the scene of pollution. I thought it might be useful if I just said by way of answer that yesterday, after the return of Dr. Charron from the scene of operation in Edmonton, I sent the following telegram to the minister of health in Alberta, Dr. Cross. The telegram reads as follows:

Hon. Dr. Cross
Minister of Health, Edmonton, Alta.

I understand that some progress is being made toward the identification of the offending substances. I am further informed that an intensive investigation has been launched using all available federal, provincial and industrial resources. Nevertheless there is no assurance of an early solution to this problem. Meanwhile, the distress of all of the affected communities is one of growing aggravation and I am accordingly wiring to obtain direct information from you as to what measures are being contemplated by your province towards and pending solution of this problem.

As you may be aware, from the reports of the discussions that have taken place in parliament, the federal government considers that in so far as jurisdiction is involved, the situation is one that would appear to be a matter for provincial authorities.

In order however that I may answer the various questions that are directed to me as well as knowing wherein the federal government could be of further assistance, it would be most helpful if I could know something of the measures that are being taken by your government in this connection. I have of course in mind the procedure which is provided in the public health act, whereby your provincial board of health has supervision over the source of public water supplies with reference to purity and wide authority for the investigation and determination of complaints arising from industrial wastes and other pollutants affecting such water.

I would assume that your provincial board of health has already taken active steps in this connection and that in due course it will be prepared to make such recommendations and initiate such action as may be required. Some word from you, however, on this would of course be most helpful.

Apart altogether from the correction of the present problem, there would seem to arise the overall and long-term question of the extent to which the waters of the North Saskatchewan river can reasonably be utilized to receive industrial wastes from your expanding chemical industries. I appreciate that there are a number of industries situated along this river that have for some time past used the waters for the disposal of industrial wastes. It may be that until the recent use of the river for this purpose by the Canadian Chemical Company the flow of water was of itself sufficient to neutralize the other wastes which were being deposited and that the recent addition has brought the matter far beyond the toleration point. If this should be so, then with the possibility of other industries seeking to use the river for disposal of industrial wastes, it would seem quite clear and apart from the immediate problem, that wholly different measures would need to be employed by the industries in order to permit of the reasonable use of the river for disposal purposes.

There are accordingly two problems that arise, the first relating to the measures which your government propose to initiate to correct the present

situation, and secondly, the general problem of the overloading of this river by the dumping of industrial wastes.

I trust that you will understand my purpose in wiring you as I have done and it is not with any view of seeking to intervene in a matter which is within the responsibility of the provincial authorities but in order that I may be in a position to discuss the matter with the many parties that are concerned with the problem and to be able to offer such technical help and assistance as may be best under the circumstances.

Paul Martin
Minister of National Health and Welfare.

Mr. Tucker: Has the minister received any reply?

Mr. Martin: No.

[*Later:*]

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask the Minister of National Health and Welfare whether the officials he sent to Edmonton have as yet received certificates of analysis covering the various samples of water they took along the Saskatchewan river from Edmonton through Prince Albert. I ask this because it is a long time, and one would think that an analysis would be available after 90 days.

Mr. Martin: Mr. Speaker, I answered this question the other day. The analysis is under way.

Mr. Diefenbaker: But, Mr. Speaker, this is today, not the other day. The department certainly should know whether the certificates of analysis are available now.

Mr. Martin: I can make no better reply than the one I have already given, that the analysis is under way. And if the analysis is under way, the certificates have naturally not been completed.

Mr. Diefenbaker: Ninety-six days!

NATIONAL FILM BOARD

ALLEGEDLY OFFENSIVE PICTURE ENTITLED "FAREWELL TO OAK STREET"

On the orders of the day:

Mr. Charles Henry (Rosedale): I should like to direct a question to the Minister of Citizenship and Immigration, notice of which I have given him. Is the minister aware that the national film board has plans to distribute a picture deeply offensive to the human dignity of many Canadians, the title being "Farewell to Oak Street"? Has the minister considered the advisability of a restricted distribution?

Mr. Speaker: Unless the minister is prepared to answer the question, I do not see the urgency of it. I think the member should put it on the order paper.

OBSCENE LITERATURE

ALLEGED REQUIRED ACCEPTANCE BY NEWSSTANDS AND DRUGSTORES

On the orders of the day:

Mr. E. G. Hansell (Macleod): May I direct a question to the Minister of Justice? Has the minister's attention been drawn to a report of the Canadian pharmaceutical association to the effect that magazine distributors are forcing drugstores and newsstands to accept undesirable literature in packages distributed to them? Will the minister state whether any action is contemplated?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank my hon. friend for having given notice of his question, and also for having included with it a news report in the *Globe and Mail* of a couple of days ago, upon which his question is based.

My attention has not been drawn to any report of the Canadian pharmaceutical association, and if the thought that it has been is based upon this news report I would point out that the report states this, in relation to my hon. friend's question:

The association executive yesterday approved a letter to the federal justice department commending the government for several recent prosecutions in the salacious literature field.

Then it goes on to say:

At the same time, the association revealed that many retail pharmacists, enlisted in the fight against crime comics, have met strong opposition from magazine distributors.

"Individual pharmacists," executive director John C. Turnbull said, "have been told they either must take the full package of magazines for sale, or not receive any."

I gather that the revealing of this information was probably made in the letter which is still to come to me. I have not received it yet. This being so, the only notice I have of it so far is in the newspaper item in question. Therefore I think that answers both the first and the second parts of my hon. friend's question.

TRADE

JAPAN—INSTRUCTIONS TO CANADIAN DELEGATION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In the negotiations now current between representatives of the Canadian government and the government of Japan, looking to a trade

treaty, what instructions are the Canadian delegation working under, specifically, with regard to the importation of Japanese textiles?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The delegation negotiating for a treaty are instructed to work out the best possible deal for Canada.

Mr. Fleming: My supplementary question is, are there any specific instructions in relation to textiles?

Mr. Richard (Ottawa East): Mr. Speaker, I should like to ask a question—

Mr. Fleming: Mr. Speaker,—

Some hon. Members: Sit down.

Mr. Fleming: I asked a supplementary question, and I think the minister was about to answer it.

Mr. Howe (Port Arthur): Mr. Speaker, in the negotiating of a treaty it is not customary to discuss the terms thereof on the floor of the House of Commons. When the treaty is ready for ratification, it will be presented here.

CRIMINAL CODE

INQUIRY AS TO PROHIBITION OF THE SALE OF INFANTS OR CHILDREN

On the orders of the day:

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I should like to ask a question of the Minister of Justice. I am sorry I could not give him notice; I just thought of it now. Would the Minister of Justice tell the house whether the Criminal Code, as revised, will include an article which would make it punishable to sell infants or children?

Hon. Stuart S. Garson (Minister of Justice): Replying to the hon. member's question I would say that the present Bill No. 7, which is now before the house, does not specifically make it a crime to sell infants or children.

[*Later:*]

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask a supplementary question of the Minister of Justice? Would it be possible to have something more on the record? I can conceive of delegates from Canada at the United Nations being embarrassed about that question and answer, and that the answer might be quoted before one of the United Nations committees. Similar questions and answers, not quite as bad as that, have been asked and have embarrassed members. I, myself, suffered on one occasion from an answer somewhat similar to that.

[Mr. Fleming.]

Mr. Garson: I think the point raised by the hon. member for Rosetown-Biggar (Mr. Coldwell) is well taken. The answer I gave is quite correct, but I think perhaps it would be better if I were to make a fuller statement tomorrow indicating that while Bill No. 7 does not specifically make it a crime to sell infants or children, such an act might be prosecuted under other sections of Bill No. 7. Perhaps I should also make reference to the law now existing before Bill No. 7 is passed.

Mr. W. A. Tucker (Rosthern): I would like to ask the Minister of Justice if it is not correct that the sale of a baby is an offence at common law which, under the Criminal Code as it now stands, is in force in Canada when the matter is not covered by the code?

Mr. Garson: No, that would be a wrong assumption. The common law is in effect at the present time, if that is what my hon. friend means, and will be in effect until Bill No. 7 is passed. But Bill No. 7 itself will be comprehensive of the whole field of criminal law, in the sense that it will abolish all common law offences.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO POSSIBILITY OF INCREASES IN RATES

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask a question of the Minister of Labour. Can the minister say if the department is now considering a proposal to raise the rates of unemployment insurance benefits?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I am not able to answer that question at the present time.

FLOODS

SUGGESTED CONSTRUCTION OF DAMS ON THAMES RIVER

On the orders of the day:

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Oxford (Mr. Nesbitt) asked a question of the Minister of Public Works (Mr. Winters) which was taken as notice. The question had to do with flood conditions in Woodstock, and the building of dams on the upper Thames river and Cedar creek. In reply I might say that the building of the projected dams is normally considered to be the responsibility of the Ontario government.

MEMBERS OF PARLIAMENT

AMENDMENT TO PREVENT INCREASE IN MAXIMUM RETIRING ALLOWANCE

Right Hon. C. D. Howe (for the Prime Minister) moved the second reading of Bill No. 176, to amend the Members of Parliament Retiring Allowances Act.

He said: Mr. Speaker, the amendments which are proposed in this bill are designed to continue the present scheme of pensions under this act at the same level as before by eliminating the automatic increase which would be possible as a result of an increase in the sessional indemnity.

Hon. members will recall that they have been contributing on the basis of 6 per cent of the sessional indemnity of $4,000 and would have continued to contribute until their contributions equalled the amount of the sessional indemnity, which has been $4,000. Without this amendment, the recent increase in indemnities would have increased the limit of contributions to $8,000.

A member who was eligible for pension would receive one equal to 75 per cent of the contributions he had made.

The proposed amendment no longer ties the limit of contribution to the sessional indemnity but specifies that $4,000 will be the limit and correspondingly the maximum pension will be $3 000, for the 75 per cent factor remains unchanged.

The contributions will continue at the same level, and will be taken at the rate of 6 per cent from the first $4,000 payable to a member by way of sessional indemnity in each period of twelve months commencing the day he became a member. It can be seen therefore that there will be very little difference and, if anything, it will take a member longer to become entitled to the maximum pension than would have been the case under the act as it stands at the moment.

I should like to take this opportunity to emphasize how restricted a pension scheme this is. The pension is paid to the member only and there are no dependents benefits. Moreover, the minimum requirements are such that, as a result of the last election, appointments to the Senate and resignations, only 16 members of the House of Commons at the end of the last parliament have become eligible for pensions. As a matter of interest, none of those who became senators were eligible for an annual allowance, and all received withdrawal allowances equal to their own contributions, which did not include any interest which they had paid. One of those who were eligible for an annual allowance has had it suspended because he is holding a position in the government service. Of the remaining 15, five are of the age of 70 or over and their allowances are therefore subject to the reduction of $480 a year to tie in with the amount payable under the Old Age Security Act.

In addition to these annual allowances, 55 withdrawal allowances have become payable in respect of members who have died or of former members who failed to qualify under the minimum requirement of having contributed or elected to contribute in respect of sessions in more than two parliaments. As I mentioned a few moments ago, the withdrawal allowances which these former members received did not include any interest which they had paid in respect of prior service. Those amounts of interest as well as the interest which was earned by the contributions of those members will remain for the benefit of the fund. Thus the relatively small number of allowances that are paid can be seen to have been paid at the expense of the much larger number of other members who will not become eligible.

Mr. Diefenbaker: Will the minister permit one question?

Mr. Howe (Port Arthur): Yes.

Mr. Diefenbaker: The minister made the statement a moment ago that under the new regulations now before the house it would take a somewhat longer time in order to be entitled to full pension. Has he the figures on that?

Mr. Howe (Port Arthur): I have not the figures, but it arises from the fact that there have been indemnities for each of two sessions of parliament in one year and that will no longer be the case.

Mr. Coldwell: One other question. Is it not a fact that not all of the 15 members who retired are entitled to the maximum pension?

Mr. Howe (Port Arthur): Yes, that is true. To receive the maximum pension would require 17 sessions of parliament. A man must have attended 17 sessions of parliament to qualify for the maximum pension and a number of those who have qualified have qualified for less than the maximum pension.

Motion agreed to, bill read the second time, and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Members' contributions.*

Mr. Low: I have one question I should like to ask the Acting Prime Minister or the Minister of Finance. I think I am right

when I say that under the act as it now stands members of the House of Commons are not allowed to receive the old age pension if they qualify for retirement allowance under the act. Is it not true that members of parliament will be the only group of people in Canada who will be debarred from receiving old age pensions when they reach the age of 70?

Mr. Knowles: They get the old age pension, but that amount is deducted from their retirement allowance.

Mr. Abbott: I think the answer would be this. The plan was worked out by the actuaries on the basis that when a man reached 70 his parliamentary allowance would be reduced by the amount which he received as old age pension. One might say that he is not receiving the old age pension. In point of fact and of law of course he does receive the old age pension, but his parliamentary allowance is reduced by a corresponding amount.

Mr. Low: Yes. I get the point; but when it is all reduced to ordinary common sense is it not true that members of parliament will be the only group in Canada who will not receive—

Mr. Knowles: Don't forget the burnt-out pensioners.

Mr. Low: —the universal old age pension without having a reduction in something else?

Mr. Abbott: Members of parliament who are receiving the retiring allowance would fall within that group; that is true.

Mr. Low: There is one other thing. Does this action affect the wives or dependents of members of parliament in any way? Does this act in any of its provisions affect the wives or dependents of members?

Mr. Abbott: No; as the Acting Prime Minister indicated, there is no provision for dependents. I must say I have sometimes thought that the effect of this pension is somewhat—unintentionally, of course—misrepresented in the public mind. It is a pension plan which I believe is actuarially sound. I had been assured it was before it was brought in; but comparing it with industrial pension plans or our own civil service superannuation plan, where there are provisions for widows and dependents, this is a very much more restricted plan.

Mr. Ferguson: I am in favour of a pension plan for every man, woman and child in the Dominion of Canada, if they are Canadian citizens and they can earn and save through some method so they will not have the fear of destitution in their old age. Before being elected to parliament I had the same opinion of members of parliament that I have now, namely that they were one of the most highly respected groups of men we have in Canada, and that being a member of parliament was something that nobody had to apologize for.

Mr. McIvor: Hear, hear.

Mr. Ferguson: As a young man I was associated with men who chose to offer themselves as candidates for parliament. After great difficulty with the people of their own constituencies some of them finally convinced the voters that they were qualified to fill the position known as a member of the House of Commons. When the ballots were counted these people found themselves, whether or not they were capable, the representatives of constituencies in one of the greatest countries in this world, the Dominion of Canada.

During the discussion of increased indemnities some of the hon. members were a little apologetic with respect to the remuneration they were going to receive. I have never been apologetic. Now we come to pensions. In these pensions for the individuals who chose the vocation in which we now find ourselves we are in no different position from that of any other man or woman in Canada who chose a different vocation in life. And we have to go through an election to arrive here. But the wives and the husbands of members of parliament go with the members every step of their difficult journey in being elected to the House of Commons. Speaking for my own wife, I know the telephone in our home rings so frequently that she abhors it. She hates to hear it ring because it gets on her nerves. I think this will apply to the wife of every hon. member in this house. My wife has become a pretty fair liar, too, because I say, "You go; I am not in." I cannot take all the gaff; I put half of it on her shoulders.

Those who merit high standing in this House of Commons have given much of their lives and their time and their money to their constituencies, to the people who put them here. A man may die at a fairly ripe age after having served the people. He may have been on pension for six months, and his widow is left destitute. She is a woman who walked every step of the way with him along the path of government as laid down by the Canadian people.

People should not be able to point at the widow of a man who served in this House of Commons to the very best of his ability as she is on her way to the poorhouse after she has served her country well, after she has given unstintingly of her time to the people

in her husband's constituency. As long as the husband lives there is a mark of appreciation for the services which his wife renders, but the minute he dies his widow is aided to the door of the poorhouse.

This is the woman who kept the other home going. This is the woman who has been denied the pleasure of the company of her husband who must reside in Ottawa. This is the woman who looked after the family, who brought up children who were without a father for most of the time. This is the woman who is not being recognized under this pension scheme.

I would like to see an amendment to this pension plan so that the wives of members of parliament would be included. I apologize to no man or woman for the remuneration I receive as long as I retain my position in the House of Commons. It is the position the people vote for. If they do not see fit to send the right man here as the representative of their constituency that is their fault, not the fault of the member.

Mr. Coldwell: Mr. Chairman, may I say first of all on behalf of my colleagues, and I think of hon. members of the house generally, that we welcome this bill. I think the government has done the right thing under the circumstances in introducing it and placing a limit on the superannuation as provided for in the original act. I repeat that we welcome it.

There has been a tremendous amount of misinformation spread across the country relating to this particular superannuation plan. As the Minister of Finance said, it has proved to be actuarially sound from the beginning and is likely to remain so. Members contribute 6 per cent of their past and current indemnities in order to build up the fund, and of course there is a similar contribution by the government. Hon. members do not receive any pension if they retire from parliament before a certain time.

When this bill is before the house I think it should be noted, as the Acting Prime Minister has said, that it will require members of parliament to serve much longer in order to qualify for the maximum pension. For example, if I were to retire or were defeated I would be entitled to the full superannuation of $3,000 provided I could raise the amount I have to pay in order to make up the total of $4,000 and interest which I owe the government. I shall do that in time.

I have earned that right in about 14 years, during which I have been elected three times. It has been possible for me to earn the full pension in that time under the act as it is before this amendment because we had extra sessions and fractions of sessions. Altogether they enabled me—I am using my own case—to earn the maximum pension in about 14 years.

As the Acting Prime Minister has said, under this amendment a member of parliament will have to serve 17 years for the maximum pension of $3,000. Moreover, if this parliament continues and subsequent parliaments continue for the average that has prevailed since 1926, in order to get the maximum pension a member will have to be elected four and possibly five times in 17 years. The average has been four years for each parliament.

Mr. Ferguson: Which is crazy.

Mr. Coldwell: Consequently, in effect we are making it much more difficult for hon. members who came to this house at the beginning of this parliament to earn the maximum pension. I do not think that is understood in the country. I have had it thrown at me that members of parliament may be elected three times, retire and receive a pension of $3,000 no matter what their age may be. When this amendment passes that statement will be absolutely wrong. I think this should be brought out this afternoon in order that the public may know.

I have supported the idea of superannuation for members of parliament for the reasons I gave when the bill was before the house in the first instance, and which I am not going to repeat. I think this is the best thing we have done, far better than increasing the indemnity.

I am going to support the hon. member for Simcoe North in his request that something be done for the widows of members. I am in the position where I speak as one who has no dependents. I would like to see, not today but perhaps later on this session, an amendment introduced, or even a separate measure, to provide something for the widows of members who were entitled to some pension. I think this should be paid for by the members themselves; I do not think there should be any imposition on the public funds of Canada. If we all agreed in this house—and again I speak as one who is entitled to the maximum pension but who is without dependents—to contribute to a fund for the benefit of widows who might be left behind, that could be built up by means of a small deduction from the annual indemnities of all members of parliament. Widows could be at least partly taken care of from that fund. I think that is something we should consider.

I am not asking the government to consider it today because when the superannuation bill was introduced into this house it was not introduced as a government measure.

it was introduced because there was general agreement among all parties in the house. Some member of the government might take the initiative, or some private member, as has been done before, and get in touch with the members of the house to see if something could not be worked out. But there should be no contribution from the public funds of Canada. All of us, whether we have completed our service and paid up our full assessment or not, should contribute to the fund out of which widows of hon. members who have served the country well could be provided for. As the hon. member for Simcoe North said, no wife of a member of parliament does other than serve this country well.

I know that perhaps I have gone a little beyond the scope of this bill and I hope, Mr. Chairman, you will forgive me for having discussed this matter. I believe some consideration should be given it. May I again say that we support this measure as it stands, and that we should like to see something done subsequently for the women who will become widows when members of this house die.

Mr. Fraser (Peterborough): First of all I wish to say I support what has been said by the hon. member for Rosetown-Biggar and the hon. member for Simcoe North. I will, however, say—and I hope it would be included in anything that might be arranged—that if the widow married again I think provision should be made that the pension be cut off immediately.

What I am on my feet for is this. When the hon. member for Peace River spoke he said he thought this pension was the only one that would be affected by the old age pension, and would be reduced. I believe the hon. member for Peace River forgets that war veterans' widows' pensions are reduced, or the old age pension is reduced according to what the pensioner gets, or according to what the earnings are. I do not object to the members of parliament having their pensions cut, but I certainly object to the veterans having theirs reduced in the way that is done at the present time.

Mr. Fulton: I just want to make a comment or two on this bill. As one who was not always on the side of the majority in connection with the original legislation in this case, I want to make it clear that I am not going to raise any unwelcome or controversial points at this time. However, I want to say this. I think the government is doing the right thing in introducing this amendment which will prevent the amount of the pension otherwise payable on full qualification being automatically doubled. It will also prevent what would otherwise be the result, the automatically doubling of the maximum contributions to be made by the treasury. My only regret on this score is that the government did not announce it as their intention at the time they introduced the bill to increase the sessional indemnity. However, it is being done now and I am sure there can be no objection.

However, in connection with what the hon. member for Rosetown-Biggar said, I think it should be pointed out that the length of time necessary to qualify will be only four or more parliaments or 17 or more years after this amendment goes through. Unless that is made clear I think it might have been taken from what he said that that was the length of time necessary to qualify at the present time. I may say that I would not have had as many objections as I had to the original legislation had there been written into the act a longer minimum time which it was necessary to put in before a member qualified, which will be the effect of this amendment. I am therefore very much in agreement with this amendment in that regard.

I want to make this further suggestion. While there are other modifications which I think might be made to the retirement allowance legislation, such as the provision of an age floor below which a member would not receive the pension if he retired from the house at less than that age, which according to the actuaries who appeared before the committee two years ago would have the effect of substantially lessening the treasury contribution, I am not going to press that point now, except to say that I hope it will be considered in conjunction with the other suggestions which are being made, if they are to receive consideration.

One other matter I wish to mention is in connection with the provision of retirement allowances to widows of members who have retired. I think there would be a quite simple way of covering that matter, and one which would not increase the burden on the treasury. That would be to do as is done now with a number of other forms of retirement allowances, namely to put it on a last-survivor basis, under which the person entitled to receive the allowance may, at the time he begins to receive it, elect whether he will take the full pension payable to himself and stopping with his death or take a little smaller pension, the amount of which would be worked out on an actuarial basis, payable to himself or his widow, whichever may survive the longest.

If the matter is to receive consideration, that suggestion might be one that could be considered, inasmuch as it would not have

the effect of imposing any greater burden on the pension fund if it is worked out on an actuarial basis.

Mr. Low: I think the government is acting wisely in bringing in this bill making provision for some ceiling on the amount of the pension. I believe that is a matter every hon. member was anxious about at the time of the passing of the other bill.

I am afraid I put my first questions rather badly, or at least one of them. The purpose for which I framed the question was to get the information accurately on the record, because I knew there had been a good many misapprehensions about the members' retirement allowances and that some of the press had scattered across the country stories that were just not true.

In reply to the hon. member for Peterborough, let me say that what I meant to get on the record was this, putting it not in the form of a question but of an assertion. I think it can be shown that this is the only contributory retirement allowance scheme in Canada that has the means test applied to it as far as the old age pension is concerned. Mention might be made of some of these other schemes, as has already been done, but they are not contributory schemes. This one is. I think I am quite correct in saying that this is the only contributory retirement allowance scheme in Canada where the means test is applied so far as the universal old age pension is concerned.

With regard to the extension of the program, may I say that I think we should study a possible extension, with a view to securing some benefits for the widows of members who pass on. I believe any scheme that is worthy of enactment in the House of Commons is worthy of an extension of that kind, and I certainly would support some such arrangement. When I say that I am not suggesting by any means that the government should put up any more money; but surely we ought to give careful study to an extension to cover the widows of members of the House of Commons.

I want to say that we support wholeheartedly the amendments to the act as they are now before us.

Mr. McIvor: I have supported this measure from the beginning. There is one thing the general public does not understand. When a man has qualified, as far as the number of sessions he must attend is concerned, the general public think he will get the pension. As the hon. member for Rosetown-Biggar has said, he cannot get the pension until he has paid in the $4,000 or $5,000, according to the length of time it takes him. I should like to ask the Acting Prime Minister this question. If a member has served his time and is out in the open, will the government lend him the money to make the back payments?

Mr. Howe (Port Arthur): The provision now exists that if a member qualifies for the pension, the government will deduct from the pension due him an amount that will cover the payments and the interest on the payments for those past services. It means that the member will have to wait a while before getting his pension but, if he lives long enough, he will get it in the end.

Mr. McIvor: I thank the minister.

Mr. Howe (Port Arthur): I might just say a few words in reply to what has been said thus far. As hon. members have said, the pension plan really originated with the private members of the House of Commons. It was brought to the government by a group of private members and was then referred to the banking and commerce committee. The government asked the committee to decide one thing in particular. Was the plan actuarially sound? We were told that it was sound. We have not had much experience with the working of the plan. Results to date show that it is rather better than actuarially sound, but that is only based on one year's operations.

I might say that to give the option to divide the pension with the wife would put quite a strain on the fund. Judges are permitted to do so, but we know something of the cost of that concession in their case. We know that it is an expensive business. That would hardly work, although I might point out that in effect the retiring allowance makes it possible for a member to provide for his wife, since he can set aside a thousand dollars each year of his pension and with it buy insurance protection for his wife.

This plan is different from most, in that a man can qualify for the pension at the age of 45 if he starts his parliamentary career at the age of 28, and we have had several members in the house who were 28 or less. An hon. member might find it desirable to marry a woman ten or fifteen years younger than himself.

Mr. Macdonnell: Not at 28.

Mr. Howe (Port Arthur): No, but he might marry later.

Mr. Lennard: They just do that in the other place.

Mr. Howe (Port Arthur): Nevertheless I think hon. members will agree that with our present knowledge of the pension plan it would not be wise to attempt to revise its

terms at this moment. We adopted the best judgment of the group of members who originated the plan. We had it examined as presented to the committee, and we believe that the plan today is sound. If the matter is restudied by any group of members and another plan can be presented which is also sound I am sure the government will be glad to consider it, but I do not think the government would consider it unless it can be shown that it is an actuarially sound pension plan.

Mr. MacInnis: Mr. Chairman, probably my only reason for saying a word now is to demonstrate that now and again a subject does come before the house on which I do not find myself opposed to the government. As a matter of fact during the session when the retiring allowances bill was introduced I think the only speech I made was in support of that bill. I am still convinced that it is good legislation. However, as my leader says, I do not think that we have done a good public relations job in regard to it. I think the general feeling in the country is that members receive the retiring allowance without making any contributions themselves.

During the recent election campaign I received a letter from a constituent who was very irate on the subject. She said that for the first time in many years she was not going to vote for me. I did not feel greatly concerned, because I had an idea that there would be plenty of votes besides hers. But after the election was over I took the time to write and give her certain figures with respect to my own account in the fund. She is a fair-minded woman, and she apologized by the next mail. I believe that feeling is fairly general throughout the country. People do not follow what we do here as closely as we sometimes think, and if they do they forget.

The hon. member for Kamloops raised the point that there should be an age limit for receiving the retiring allowance. I do not believe that we should do that. Probably it does seem rather generous to provide pensions for members who retire at the age of, say, 45, but it must be remembered that if a member is eligible for the pension at that age he has spent his life from the age of 22 or 23 as a member of parliament, and that is the period when other people are working and making provision for their own future. In my opinion such a man is more entitled to the pension than a person who enters politics at a later age.

The matter of pensions for widows is not part of the bill before us, but other members have said a word about it and I should like to say something also. If it can be done through contributions by the members themselves I am all in favour of it. It would be a good move for the members. But I wish we could approach subjects of this kind without either feeling sorry for ourselves or for our future widows who are no more deserving of a pension than any other widows in Canada. Who is going to provide pensions for the widows of farmers in the constituency of the hon. member for Simcoe North? Who is going to provide pensions for the widows of the longshoremen in my constituency? These women have all done something for Canada. They have raised Canada's children to manhood and womanhood, and if there is any group more worthy of attention I should like to know who they are.

I say again that I wish we could approach these matters without feeling sorry for ourselves. In my opinion there is no reason why a member of parliament should feel sorry for himself or for his wife and possibly future widow. I believe the wives of members of parliament are enjoying themselves. I know my wife is, and I daresay the others are. They get opportunities that many other wives throughout the country do not get.

Mrs. Shipley: I should like to say a few words on this subject. I think I am particularly well fitted to speak on it. This is my first year in parliament, and it is highly improbable that I will ever be re-elected four or five times and serve some 17 years. I am a widow, so one might say that I have nothing to gain from anything that may be done here. I feel very keenly, and agree with the statements made by some hon. members, that this measure has been very poorly explained to the people of Canada. I was under the impression, as most other people are, that a member got a wonderful pension and that he did not have to do very much to earn it. But there will be a very small percentage of the members of the house who will ever earn the full pension, and if a member is not elected at least three times he gets no pension at all.

When I learned further that the widows receive nothing I was somewhat shocked. I think any pension or insurance plan to which we contribute in large measure ourselves should make some provision for the widows. After all, I think it would be fair to say that with very few exceptions the members of this house are the only wage earners in their families. As long as we are alive most of us will still be able to earn something

and support the other members of our families, but when death occurs the pension stops and there is nothing left.

I must say that I do not agree with the hon. member for Vancouver-Kingsway. He said that the widow of a member of parliament was no more entitled to a pension than the widow of a farmer or a fisherman. Now, the only type of pension for a widow that I have heard described here is one for which members of parliament would pay themselves.

There was a proposal made by the hon. member for Kamloops. He suggested that we should have the option of electing to take a smaller pension ourselves, thereby increasing the pension for the widow. No one is suggesting, certainly I am not suggesting, that the widows of farmers and fishermen are not entitled to pensions. This is something which it is within our power to plan to do for the widows of members of parliament. The farmers and fishermen have the same privilege of looking after their wives or dependents. I would support them in every move they wanted to make in that regard. However, I do not think the suggestion made by the hon. member was particularly sound.

I do not like this idea of the old age pension being deducted from the pensions of members of parliament. I think there is a rather unfortunate inference there.

Mr. Martin: It is not correct. Old age security is a non-means-test pension.

Mrs. Shipley: Is it to be deducted?

An hon. Member: No.

Mrs. Shipley: I do not understand it. I am sorry I opened up that subject. I believe that is all I have to say. I do hope that, as suggested by the Acting Prime Minister, a committee of this house will be formed to consider something for the widows of members of parliament. I can only say that I hope I might be asked to serve on that committee, because I would have nothing to gain from it and I should like to see some consideration given to the widows of members.

Mr. Ferguson: When I speak in the House of Commons I am here to speak for the people of Canada. When I spoke on this subject today I was not whining on my own behalf. I was not whining on behalf of my wife. I was here discussing a matter which concerns the people of Canada. I do not like the implication by the hon. member for Vancouver-Kingsway. I have never needed any contribution from the House of Commons in order to weigh 210 pounds. I have eaten three meals a day and so has my wife, even before we saw the House of Commons. We shall continue to do so. We do not need the House of Commons.

When I spoke, I spoke for future generations in Canada. We are being asked to enact a change in a law which has been on the statute books for only a short time. I think it is most unfair for another member to cast aspersions on me by saying he did not like people whining about their own case in the House of Commons. No person has ever heard me whining on behalf of myself or my family.

Mr. MacInnis: I did not say the hon. member was whining. I did not say any hon. member in this house was whining.

The Chairman: Perhaps I have been a little too indulgent in allowing the debate to proceed on the question of extending the provisions of this bill to the widows of members; that is perhaps beyond the scope of these amendments. I believe we might limit our discussion more particularly to the clause before us.

Mr. Cardiff: I do not intend to take up very much of the time of the committee. After considering the answer given to the hon. member for Fort William, perhaps there is one place a change should be made in the bill, because it does not make sense. The provision in the original bill stated a member had to win three elections and sit through 17 sessions of parliament to qualify for a pension. Those of us who have been here for 14 years qualified, but now one may not qualify for a full pension by winning three elections. You would have to win four, and sometimes perhaps five.

Mr. Howe (Port Arthur): That is to qualify for the maximum pension. You are able to qualify for a pension after two parliaments plus, but you only qualify in relation to the amount you have contributed to the fund over that period. It will take 17 sessions of parliament to qualify for the full amount. By that time you will have paid in $4,000 and will be entitled to receive $3,000 a year.

Mr. Cardiff: I understand that, but we had two sessions of parliament within one year on two different occasions, which meant that many of the older men in the house became eligible for a full pension.

Mr. Howe (Port Arthur): That is right.

Mr. Cardiff: Those who will be coming into the house now cannot qualify for this full pension even in three parliaments. They would have to go on perhaps to four parliaments.

Mr. Howe (Port Arthur): I said the effect of this bill was to lengthen the time required for those participating in the scheme to qualify for the maximum pension.

Mr. Byrne: With deference to your ruling concerning ranging just a little farther afield than the actual clause under discussion, may I say that we have heard a great deal from the opposition side but very little from members on the government side. I would beg your indulgence for just a moment to comment on some of the statements that have been made, and give my impression of this particular bill as it relates to the increase in members' indemnities.

On the basis of being a person with family responsibility, I wholeheartedly supported the increased indemnity. I shall go further and say I was somewhat cool a year or two ago to the question of the members' retiring fund. In view of the fact that it was pointed out by members of the opposition that the retiring fund would be a boon to the opposition, as was mentioned by the member for Rosetown-Biggar, I went along with it. I did not seek to create the impression mentioned by the hon. member for Vancouver-Kingsway, that there have been poor public relations on this question. Let me tell the hon. member that there has been an equally poor public relations job done on members' indemnities. I know that if the members of his party spoke here as they did privately, the public relations job would not have been so poor. I feel that the $10,000 indemnity—

The Chairman: I do not think I can allow a discussion of members' indemnities on a bill which concerns retiring allowances.

Mr. Byrne: I agree. The maximum pension of $3,000 is approximately, in my estimation, a little more than half what a member receives in take-home pay from his total indemnity, plus expense allowance, so undoubtedly it is a fair and reasonable pension plan. I have no quarrel with that; but I am just pointing out that the indemnity should not have received such bad publicity, after all.

It has been suggested that some provision should be made for the widows of members of parliament. One member has said that the wives of members are enjoying themselves. Well, I hope they are. I would hope that every wife in Canada, in so far as is possible, is enjoying herself. But I want to say that any member's wife who was left at home, perhaps two or three thousand miles away, and had to look after a family without any assistance because the amount paid the member was not sufficient to keep them together, was not having too good a time of it. Those wives are doing a great service, and are working hard.

When it comes to the matter of pensions, I think they deserve the same treatment as the pensionable widows of other groups in the community. I am not suggesting only that we should increase payments made by the government. I think it should be done in the usual manner in which any pension is handled in industry, or under civil service pension plans. Under those plans the pensioner would receive smaller annual or monthly payments, and at his death the pension would be continued for his widow at a somewhat reduced rate. I do not think there should be any further contribution other than the $3,000; but some arrangement could be made to attend to that matter, and in my opinion it should be done soon.

It has been pointed out that few members have been affected by the pension plan. However, as time goes on there will be more, and consideration should be given to this matter so the widows would be cared for.

The Chairman: Order. I can see now that I have been entirely too indulgent in allowing this discussion to proceed. I must say now that I shall have to rule out of order any further discussion about the extension of this provision to the widows of members.

Mr. Knowles: Mr. Chairman, there are just two things I wanted to say. I confess you have put me in a bit of difficulty by the firmness of the ruling you have just made. However, perhaps you would permit me to say one or two sentences; and if Your Honour thinks I am going too far, please stop me. I suppose you will do that, without my asking for it.

I think it should be noted, particularly by the press, which is undoubtedly going to report this afternoon's discussion, that all those who have referred to the possibility of any change in the plan to include a provision for widows have emphasized that if such a provision is made it should be without any additional cost to the treasury. Otherwise, no hon. member would agree to it. Some have made the statement—

The Chairman: The hon. member invited me to interrupt him if I thought he was transgressing the ruling I made a moment ago. I hope he will not continue to discuss that subject. We should confine ourselves to the subject in hand.

Mr. Knowles: I agree; and I thank you, Mr. Chairman, for not stopping me until I had got my point across. The other point

I wanted to say a word about is that which was raised by the hon. member for Peace River. I think it is well that we try to keep clear in our minds exactly what the situation is. I noticed that the Minister of National Health and Welfare and the hon. member for Timiskaming were not too sure, between them, just what the situation was. I think it is this—

Mr. Martin: There is no doubt about what I think.

Mr. Knowles: Then the minister will agree with what I am about to say.

Mr. Martin: Not likely.

Mr. Knowles: Well, I think you will. The fact is that under the act as it now stands, a retired member of parliament, even though receiving the member's pension, is entitled to draw the old age security pension when he reaches the age of 70.

Mr. Martin: Everybody is.

Mr. Knowles: No question about it; the minister and I agree.

Mr. Martin: That is what I said, and all I said.

Mr. Knowles: But his parliamentary pension is reduced by the amount of the old age security pension, whether or not he applies for the old age security pension.

Mr. Harris: Has there ever been any doubt about that?

Mr. Knowles: No, not in my mind.

Mr. Harris: Then why waste time about it?

Mr. Knowles: But there certainly does seem to be a doubt in the minds of some members, and there is a misinterpretation being placed upon it, I think, down in the left corner. Let us have it clear, then, that there are two groups of people in the country to whom that provision applies. One group consists of members of parliament and the other group consists of recipients of the war veterans allowance. The parliamentary pension is on a contributory basis, as the hon. member said, but the war veteran has contributed something else. It should not be said that our burnt-out pensioners are in a different position, so far as that aspect of the matter is concerned.

So far as the old age security deduction from the parliamentary pension is concerned, I register no objection. But I do hope that we will soon cease making that deduction in the case of our burnt-out pensioners.

Mr. Macdonnell: Mr. Chairman, I wish to make a deal with you, that for 20 seconds you should not apply to me the ruling you have just laid down. I say I hope the suggestion made by the hon. member for Rosetown-Biggar, and so admirably supported by the hon. member for Timiskaming, might be followed; that is that, failing any other arrangements regarding widows, we in this house, who are no exception to the public, might look into the matter further.

Mr. Shaw: I wish to make this perfectly clear, and what I shall say arises out of the observations made by the hon. member for Winnipeg North Centre. The hon. member for Peace River did not intend to leave any impression whatsoever to the effect that war widows had not made a contribution. He was simply referring to plans which we look upon and categorize as contributory pension or retirement schemes.

Mr. Nickle: With reference to the subject which you have ruled out of order, Mr. Chairman, and about which the hon. member for Winnipeg North Centre succeeded in getting in a few words, I would like to say that his final comment to the effect that any extension of pensions to widows should not be charged against the public treasury is one with which I fully agree.

However, my purpose in rising at the moment is to refer to comments already made by other hon. members as to public misunderstanding of the terms of the present Members of Parliament Retiring Allowances Act. I received this morning, by way of Trans-Canada Air Lines, yesterday morning's issue of the Calgary *Albertan*. This newspaper carries a lengthy article under an Ottawa dateline by James R. Nelson, and is made up to a great extent of quotations such as this:

—Bona Arsenault, youthful Liberal member for Bonaventure, Quebec, who—

According to this writer.

—was the father of the members' pension scheme adopted at the last session of parliament before the election.

This article aroused some concern in my mind because I believe through some unfortunate set of circumstances the writer, from the sources of his information, arrives at some erroneous conclusions. The lead sentence of this article reads:

Fledgling members of parliament elected for the first time last June will have to serve 17 years and contribute $480 per year to a pension fund before they can retire on an annual life income of $6,000.

Later in the article the author goes on to quote from the member who is said to be the father of this proposed pension plan, and he states as follows, quoting the hon. member for Bonaventure:

"The chances are that after being in parliament 17 years he would rather continue to sit here in the hope of obtaining an appointment to the Senate or to the bench, or some federal appointment, than retire on his pension", Arsenault said. "Even if he is defeated after 17 years, he has the security of knowing that he will at least have an income of $6,000 a year for life."

I raise the point, Mr. Chairman, because I feel that the hon. member who has been quoted should have the opportunity of correcting this rather inaccurate report in order that the newspaper in my home city may have the opportunity of correcting the information it has given to the public in that city.

The Chairman: Shall clause 1 carry?

Mr. Hansell: May I ask the Minister of National Health and Welfare or the Acting Prime Minister one question? Is there any other class of people, apart from members of parliament under this act, who do not receive the old age security pension by reason of the fact that they receive some other pension?

Mr. Howe (Port Arthur): It is quite usual in industrial pensions to take into account the old age pension at age 70 in working out the benefits. The reason this fund is actuarially sound, I am told, is that the calculations were made on the basis that when a member qualified for the old age pension his parliamentary payment would be reduced. That was the proposal of the committee; that was the basis of the fund, and that was the basis on which it was declared actuarially sound. We can attempt to devise another fund where the reduction is not made, but this one was set up on the basis that it would be made.

Mr. Hansell: In that case, Mr. Chairman, I cannot very well see that Canada has a universal old age pension.

Mr. Martin: The Acting Prime Minister covered one aspect of my hon. friend's question. The fact is that at the age of 70 the pension is paid, as a matter of right, to everyone in Canada without the means test. Therefore it is correct to say that Canada's old age security scheme is universal in character.

Mr. Hahn: In connection with the statement of the Minister of National Health and Welfare, I would gather that if we are going to say, to use his own words, that Canada has a universal old age pension, then we must declare that this pension—and I hope the press will take note of it—is a pension of $3,000 a year to the age of 70 and thereafter $2,520 a year.

Mr. Howe (Port Arthur): That is right.

Clause agreed to.

[Mr. Nickle.]

On clause 2.

Mr. Harkness: Can the Acting Prime Minister tell us just what changes this clause makes in regard to what the situation was previously under the old section 2, which is on the right hand side and which is repealed by this new clause? To me the language is a little confusing. I do not know exactly what changes were made.

Mr. Howe (Port Arthur): The twenty-first parliament was the parliament that preceded this one. The clause provides for the deductions made in previous parliaments, and also for the deductions to be made in this parliament and subsequently.

Mr. Harkness: It is still not very clear. As far as I can see, this provides that all sessions previous to the seventh session, that is up to the last session of the last parliament, will be counted as a session, and any payments made on behalf of this will count toward the pension. That is as far as the last session was concerned. The withdrawal allowances, which mean the same thing, were subtracted from the indemnity and they will count, I would take it, as one session toward the pension. What is the situation as from the date of the last parliament? Does the next period of entitlement or the next session start from the day of the election and therefore end six months after that, or what is the situation?

Mr. Howe (Port Arthur): There are so many eminent lawyers in the house that I do not know why a layman like myself should attempt to say what the bill means; but as I understand it, I qualified under the original bill; therefore my pension is governed by the original bill. There are those here who will qualify partly under the original bill and partly under this bill. The extent to which they did qualify under the original bill stands, and in future they will be governed by the present bill. In layman's terms I think that is what this particular clause means.

Mr. Hodgson: I should like it made a little clearer. What the Acting Prime Minister is saying is this. Take the class who came here in the election of 1945. They had served 11 sessions up to the last election, as I calculate it. That means that if they have paid in they will be entitled to count 11 years toward the pension. From now on they have to serve six more years to be qualified under the new legislation.

Mr. Howe (Port Arthur): That is exactly the meaning of the clause as I understand it.

Mr. Diefenbaker: I was wondering whether the minister might clear up this situation. Did a person who was a member of the

twenty-first parliament have to elect during that parliament? Suppose he were here during that parliament and did not elect at that time; is he in the position of being able to elect today?

Mr. Lesage: No, he cannot.

Mr. Howe (Port Arthur): No, he cannot elect for that parliament today. He can elect for the current parliament, but not for the preceding parliament.

Mr. Diefenbaker: Having elected just for the current parliament, his time does not count until the date on which he elects?

Mr. Howe (Port Arthur): That is my understanding.

Clause agreed to.

Clause 3 agreed to.

Title agreed to.

Bill reported.

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO INCREASE AUTHORIZED CAPITAL STOCK, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Export Credits Insurance Act to increase the authorized capital stock of the Export Credits Insurance Corporation from five million dollars to fifteen million dollars; also to require the corporation to continue the underwriting reserve to cover future losses under contracts of insurance; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Howe (Port Arthur): Mr. Chairman, the Export Credits Insurance Act which was passed by this parliament some years ago has been of great assistance to exporters. It has fully justified its existence in that it has allowed a good deal of business to be carried out that could not possibly have been carried out otherwise. The volume of business insured under the act has been constantly expanding, and the purpose of this amendment is to provide additional capital to the corporation and to make such revisions as will permit the act to meet the needs of present-day circumstances.

This amendment affects only part I of the Export Credits Insurance Act and has nothing to do with part II under which the authority to make loans to foreign governments expired on December 31, 1947. The main purpose of the amendment is to increase the effectiveness of the Export Credits Insurance Corporation by authorizing an increase in its capital. I think it would be helpful if I were to review briefly the operations of the corporation since the Export Credits Insurance Act was passed in 1944.

Under the act—

—the corporation may for the purpose of facilitating and developing trade between Canada and any other country enter into a contract of insurance with an exporter to insure him against any risk of loss in connection with the export or an agreement for the export of goods by reason of the failure of the exporter for any cause not avoidable by the exporter to recover the selling price of the goods.

There are no private commercial concerns who provide the insurance offered by the corporation. In all other countries in the world where similar insurance protection is available, the service is provided by the government or with government backing.

The Export Credits Insurance Corporation protects against these unexpected and unpreventable losses that occur in spite of every precaution taken by the exporter. Some of the risks covered include the insolvency of the foreign buyer, cancellation of an import licence in the country of destination, and the risk of adverse changes in foreign exchange regulations. While the corporation will insure against delays in collection that are not the fault of the exporter, it does not cover trade disputes as to the quality or quantity of goods received. The corporation does not cover straight repudiation on the part of the buyer if the buyer is able to pay for the goods. However, if the exporter were to secure a court judgment against the buyer and the judgment could not be satisfied, then the corporation would be on risk. The exporter is insured against blockage of funds or transfer difficulties which prevent him from receiving payment for his goods in the currency agreed upon at the time of the sale. Such calamities as war or revolution in the country of the buyer are also covered. In other words, the policies protect against credit risks and political risks, but the protection extends just to the accounts receivable and has nothing to do with the goods themselves.

This provision of export credits insurance in no way subsidizes the exporter for he still has to compete in the markets of the world on the basis of quality, price, credit terms, services rendered, etc., and in addition pays premium for the insurance protection. By insuring one of his most important liquid assets the exporter finds it easier to obtain financial assistance from his bankers. The policy he holds gives him the benefit of advice and assistance of the corporation in recovering as much as possible of his losses in the event of default, and by being given coverage against

the principal forms of loss arising out of overseas trade he is able to expand his exporting business and so help in maintaining Canada's foreign trade.

The corporation does not compete with commercial enterprises in the insurance field. It is nevertheless administered on a sound and businesslike basis. In all its policies it adheres to the principle of co-insurance and will pay to a maximum of 85 per cent of the contract price, leaving 15 per cent to be borne by the policyholder.

Also in keeping with another basic principle of insurance—that there should be a broad spread of risk—the corporation requires its policyholders who export consumer goods to insure all their export sales for a twelve-month period, excluding sales made to the United States of America or sales made against irrevocable letters of credit, but all other sales to all other countries must be insured. In the case of capital goods an individual policy is issued to cover the specific contract of sale.

It is the aim of the corporation to operate on a self-supporting basis. In the setting of premium rates, the tariff charged is expected to be sufficient to cover operating expenses and probable losses. Hon. members will understand that in a business of this kind the extent of the risk is far more difficult to appraise than in the case of credit insurance in the domestic market. That is the principal reason why it is practically impossible for a private concern to give this form of world-wide coverage. The experience of the corporation to date is encouraging, in that the rates charged appear to have been fair both to the insurer and the insured. But no doubt we still have something to learn from experience over the years under varying conditions of world trade.

The corporation has covered $235 million of goods exported to more than 100 different countries. While it is not possible to ascertain precisely the volume of business that would have been done had export credits insurance protection not been available, nevertheless we know for a fact that in many cases the exporter would not have considered taking on the risk involved in the export sale without the insurance protection. With the very evident change from a seller's to a buyer's market, competition in the export field is ever-increasing and the provision of export credits insurance helps exporters and encourages them to sell aggressively. In covering $235 million of business, gross claims paid totalled $3·9 million, the bulk of which have arisen due to exchange transfer difficulties. Recoveries of $1·7 million have been obtained and only $138,000 has been written off as irrecoverable.

The net outstanding claims paid at December 31, 1953 totalled $2 million, of which it is confidently expected the major portion will be recovered. The average premium rate is $0.82 per $100 on all exports covered to date. This is less than 1 per cent of the selling price. The total premiums received plus the interest on the corporation's capital have covered the operating expenses and net claims paid and left the corporation with a balance at the credit of the underwriting reserve of about $1 million.

At present the corporation is working with $10 million made up of $5 million capital stock and $5 million capital surplus. It is authorized to take on risks to the extent of ten times the capital and surplus or $100 million, indicating that the capital was supposed to bear relationship to the insurance underwritten. There is no provision by which the government guarantees the policies. It is the corporation's capital and the capital alone which provides the guarantee. Therefore the board of directors must make sure that the capital is sufficient to meet any normal losses.

I should add that the premiums received have fallen short of covering operating expenses and net claims paid by some $955,000, but if our expectations in regard to recoveries are fulfilled, the corporation will have operated on a self-supporting basis, that is, will have had no need to make use of their earnings on capital contributed by the government.

In considering applications for insurance the board must exercise reasonable prudence, and it feels it cannot take on liabilities in any one foreign country which may be excessive in relation to its capital. Accordingly the present capital limits the corporation's effective scope particularly because today's pattern of sales of agricultural equipment and capital goods such as locomotives tends to concentrate large sums at risk in individual countries. While it is not practicable to determine the precise extent to which the corporation should commit itself in any one market, as an example the corporation was recently asked to consider a program involving several million dollars in one country on normal payment terms. But it was already committed in that country to the extent of about $5 million. This additional business would obviously involve too great a concentration of risk in relation to its $10 million

capital. And yet it is this type of business which the corporation was originally set up to encourage.

Section 21 of the act permits the governor in council to authorize the corporation to insure where the board of directors is of the opinion that the insurance would impose on the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake in relation to any one contract, exporter, commodity or country. It is felt that this section should not generally be used to insure normal business which the corporation would be prepared to handle were the capital sufficient. It is therefore proposed that the authorized capital be increased by $10 million to $15 million which, together with the $5 million capital surplus, would give the corporation an effective government backing of $20 million. It is also proposed that the additional capital be subscribed but not paid over to the corporation unless required.

One section of the amendment requires that the corporation credit the entire excess of its revenue over expenses and losses to an underwriting reserve. The nature of the corporation's activities is such that it is impossible to measure the results achieved by an examination of its accounts on a year-to-year basis or even over an extended period. Of necessity the volume of claims it has to pay will fluctuate more or less directly with economic conditions prevailing from time to time throughout the world. Since its inception the corporation has followed the practice of crediting the excess of its revenue over its disbursements to an underwriting reserve account. The proposed amendment makes it mandatory to continue this procedure until the reserve reaches $5 million, so that as far as possible funds would be available to cover all future losses.

The other amendments in the bill clarify the position of the corporation as an agent of Her Majesty, provide for the appointment of alternates to certain of the directors, and change the title of the operating head to conform with the practice in other crown corporations.

Mr. Macdonnell: I have listened with much interest to the Minister of Trade and Commerce. I think he has given us a clear picture of the inception and of the course of business of this company. It is interesting to look back to the debate on August 1, 1944. I want to read just a sentence or two from it because at that time this corporation was evidently regarded as a most important cog in the machine of post-war rehabilitation. I want to read these few words from *Hansard* of August 1, 1944, page 5758. This is the preamble:

> Whereas it is desirable to promote the revival of trade by establishing a corporation to insure against loss caused by insolvency, delays in collection and transfer difficulties in connection with the export of Canadian-produced goods, and during the period of transition from war to peace by providing for loans or guarantees to governments of other countries or their agencies;

That is the preamble. At that time the debate, which was widely participated in, made it clear that in those days of uncertainty it was regarded as an extremely useful precautionary measure. I think it has carried out its usefulness to date just as the minister has explained. I think also he indicated to us why it needs more capital.

There are one or two questions I want to ask the minister. In particular it should be noted that the increase which we have—and which I shall refer to in a moment—refers to part I of the act. Part II of the act was a different affair and the transactions carried out there were not carried out under the auspices of the Export Credits Insurance Act in the same way as were those in part I. I want to ask the minister if he will tell us the present standing of one of the transactions which took place under part II—and it is one which has often been referred to in this house—namely the Ming Sung transaction which, as I say, does not appear in the accounts of the corporation because the corporation in that respect really acted only as an agent of the Minister of Finance; and, as I understand it, these accounts were dealt with in the consolidated revenue fund and do not come into the operations proper of the corporation.

There are one or two questions I should like to ask. The minister has already indicated the vagaries of this business. I want to draw attention to them by just referring very briefly to the operating statement of 1951, 1952 and the first nine months of 1953. It is the great variety in policyholders' payments that I want to direct attention to. In 1951 the payments under policyholders' claims are only $1,703. In 1952 they were $996,000. In the nine months of 1953 they were $2,062,000. With regard to the 1952 figure, my understanding is that it was occasioned largely by exchange difficulties in Brazil. That is one of the hazards that the exports credits insurance corporation took care of. If the minister would refer to it, I should like him to tell us whether there was anything special in 1952 and in the first nine months of 1953. Perhaps I might take my

seat at this point, and the minister might say a word on that last question I have asked.

Mr. Howe (Port Arthur): As far as the Ming Sung transaction is concerned, I know my hon. friend is familiar with the situation. For a time the payments were made when due. Then when the iron curtain descended over China, the payments were stopped. There are some Chinese funds held in Washington. Perhaps we have a very good claim on them. I would not say that the possibility of ultimately collecting the balance of the payments due is hopeless. However, at the moment the responsibility of this government under the credit arrangements is being carried out and the banks are being paid the amounts due under that loan. The Ming Sung transaction involved insurance carried by the government itself, as my hon. friend knows, under part II of the act.

As to fluctuations in claims paid, that depends on the credit position of the various countries in the world. I would not blame Brazil particularly. Argentina has been slow. One or two other countries have been slow in paying their accounts. But while exchange difficulties have been accentuated in the last year or so in certain South American countries, we find that the accounts are being paid although perhaps not on the due date. For example, Brazil is catching up on its outstanding indebtedness to this country. Aside from the claim to which I referred of $138,000 which has been written off as irrecoverable, we have reason to hope that sooner or later we shall recover all the outstanding payments that have been made on account of insurance written by the corporation.

Mr. Macdonnell: The minister gave a figure of $235 million which somewhat surprised me by its smallness. Is that the accumulated business done over the ten years?

Mr. Howe (Port Arthur): That is correct, yes.

Mr. Macdonnell: Can the minister say the approximate amount of business outstanding at any one moment? For instance, can the minister give a rough figure as to how much business is outstanding at the present time?

Mr. Howe (Port Arthur): I could get the information by calling my officer down from the gallery, but would my hon. friend not agree that we could discuss this matter on the bill to better advantage? I will have them with me then on the floor of the house, and in the meantime I will take note of the question and make sure that I have the information here.

[Mr. Macdonnell.]

Mr. Macdonnell: And at the same time I should like the minister to give us up to the minute detailed figures with regard to Ming Sung.

Mr. Thatcher: I have a comment or two to make on the resolution and I should also like to ask the minister several questions. I think the resolution will receive almost unanimous support in the house since the corporation undoubtedly is promoting trade at a time when more trade is needed. I was rather interested to learn that the corporation is paying its way. If I understood the minister correctly, I think he said that since formed it has shown a profit of roughly $1 million. I wonder if that profit would not be somewhat greater if it were not for the fact that the corporation is only taking risky insurance policies, and leaving the others to private companies. However, I suppose that is problematical.

There is one aspect of the operations of the corporation that I should like to have clarified this afternoon. It arises from a question which the hon. member for Kamloops asked in the house yesterday. He asked the minister whether or not exporters in Canada wishing to ship to iron curtain countries would be able to come under the provisions of this act. I think most of us in this group feel that this should be encouraged. Several days ago the Russian ambassador made certain overtures to this country indicating that he would like to see trade relations between Russia and Canada expanded. He said that Russia was going to send a trade attaché here and suggested that Russia might be willing to take some products we want to sell.

He mentioned wheat, meat, textiles and ships, I believe. It seems to me that there has been too much of an inclination throughout the country to write off these offers as valueless without examining them closely. I thought the minister gave a kind of negative answer yesterday. At page 2170 of *Hansard* he said:

> . . . if any Canadian merchant can arrange trade with Soviet Russia, his application will be considered by the department.

It seems to me that the government should be a little more positive. I do not think anyone would accuse me of being a communist. I know that the Russians sometimes are not such good pay. Yet if there is an opportunity for us to expand our trade with Russia at this time I think we should go ahead and do it, and I think one of the first steps to do that would be to utilize this act. The applications of exporters or traders wishing to trade with iron curtain countries should be very carefully examined and the provisions of the

Export Credits Insurance Act should be made available. I think the government should give leadership. I think we should consider sending a trade attaché to Russia as they have promised to do here.

I should like to see our trade relations with certain other countries, China, Czechoslovakia and Poland, examined. I do not see why we should not enlarge trade with those nations also and allow this act to apply to them. Perhaps the minister would feel like making a somewhat more comprehensive statement on the subject than he did yesterday.

Mr. Howe (Port Arthur): This is a business organization and my friend is a businessman. He realizes that we do not extend credit because of a certain flag. We extend credit when we think we are offered good credit risk. Our transactions are measured on that basis. I did not say we would not extend credit to the Soviet union. I did not say we would not extend credit to any other iron curtain country. It all depends on whether we think the debt will be paid on the due date. I suggest that the hon. member add that information to his broad experience of business and remember that dollars operate in that way.

Mr. Thatcher: Can the minister say whether the corporation has turned down any applications in the past several years from Canadians who wanted to export to Russia or China?

Mr. Howe (Port Arthur): I would not know but I daresay they have. I do not know whether or not they have. As I say, it is entirely a matter of whether the insurance company believes that the paper will be paid on the due date. That is the criterion as far as the insurance company is concerned. It may have had the opinion that under the circumstances the paper of the Soviet union would not be paid on the due date. I think that might have been a reasonable conclusion as to the situation in the last two or three years, although it may not have been. I might mention the names of those who operate the corporation. The directors are W. F. Bull, deputy minister of trade and commerce, who is the chairman, K. W. Taylor, deputy minister of finance, L. C. Audette, chairman of the Canadian maritime commission, G. F. Towers, governor of the Bank of Canada, J. J. Deutsch, assistant deputy minister of finance, M. W. Sharp, associate deputy minister of trade and commerce, and H. T. Aitken, who is the general manager of the corporation.

They have the following as an advisory council: Mr. Hector Authier of Amos, Quebec, R. B. Buckerfield, Vancouver, R. H. Davis, Welland, James S. Duncan, Toronto, Raymond Garneau, Quebec, H. G. Hesler, Montreal, C. D. Jacox, Edmonton, L. J. Koerner, Vancouver, George W. Robertson, Regina, Fletcher S. Smith, Halifax, James Stewart, Toronto, who is president of the Canadian Bank of Commerce, K. F. Wadsworth, Toronto, and F. Homer Zwicker, Lunenburg.

Mr. Macdonnell: The minister is trying to dazzle us.

Mr. Howe (Port Arthur): Well, I would call it a strong board. In any event, it is the combined judgment of the men I have named that governs whether or not a loan will be made. If my hon. friend wants to talk international politics, he is talking outside the scope of the corporation.

Mr. Thatcher: I am not talking politics. I am trying to get some information. Would the minister answer one more question? In the public accounts I notice that Greece is listed as a country which has owed us about $6 million for a period of twenty-five years, and yet last year the corporation accepted an insurance risk of $288,000 with respect to Greece. How could Greece be considered a good risk if they will not pay their old debt?

Mr. Howe (Port Arthur): We believe that the Greek merchant who bought the goods in Canada will pay on the due date, and we believe that the Greek government will see that he is permitted to do so.

Mr. Macdonnell: I want, if I am not trespassing on the ground of the hon. member for Moose Jaw-Lake Centre, to ask a supplementary question. I understood the Minister of Trade and Commerce to indicate, in answer to the hon. member for Kamloops, that trade beyond the iron curtain was strictly rationed, that it had to be done altogether by permit.

Mr. Howe (Port Arthur): That is right.

Mr. Macdonnell: To that extent it seems to me that the hon. member for Moose Jaw-Lake Centre was justified in raising the question as to whether it could be further extended. Did I understand the minister to say that certain export credit risks had been refused on any other ground than their intrinsic merits, that there was a policy of taking only certain types?

Mr. Howe (Port Arthur): You were quite mistaken. The only ground for turning down insurance of that kind is doubt as to whether the transaction will be settled on the due date.

Mr. Macdonnell: I found it difficult, looking at the balance sheet of the corporation, to understand why more capital was needed.

The minister made a statement on that point which seemed to me to cover it. He said that they wanted to be able to do more business and to assume more risks. From the inquiries that the corporation has, are there clear signs that more business is being offered in various parts of the world at the present time?

Mr. Howe (Port Arthur): Yes, there is definite—

Mr. Macdonnell: Can the minister give any figures?

Mr. Howe (Port Arthur): I cannot give figures, but I will say that the corporation has asked the government, under section 21 of the act, to underwrite some risks that the corporation would have gladly accepted themselves had their capital been sufficient to enable it to do so. I might say that the government has done rather well out of those risks. The insurance fee was paid to the government, of course, and we have never had a loss by taking a risk under section 21 of the act that was recommended by the corporation.

Mr. Macdonnell: Did they recommend Ming Sung?

Mr. Howe (Port Arthur): That transaction was quite different; that was a transaction under part II of the act that was not operated by the corporation but rather was operated by the government.

Mr. Macdonnell: Then, if a profitable business is offered to the corporation, do you say that is still being done under part II?

Mr. Howe (Port Arthur): If the business is beyond the capacity of the corporation to handle under part I, and is still desirable business, the corporation invites the government to assume responsibility for that particular risk.

Mr. Macdonnell: Do you think you could possibly have as good a board of directors to assume responsibility under part II as you have just listed under part I?

Mr. Howe (Port Arthur): They are the same directors.

Mr. Macdonnell: I thought it was the governor in council who acted under part II.

Mr. Howe (Port Arthur): The risk is recommended to the governor in council by the corporation. The governor in council need not assume it. The government has its choice as to whether or not it is willing to assume it. The governor in council does not consider it unless recommended by the corporation.

Mr. Macdonnell: Why should the corporation not be put in funds sufficient to enable the corporation to take this risk?

[Mr. Macdonnell.]

Mr. Howe (Port Arthur): That is what we are trying to do by this measure.

Mr. Macdonnell: Do you think this will enable them to carry the whole business?

Mr. Howe (Port Arthur): Yes.

Mr. Thatcher: Do I understand the minister to say that before this corporation will take one of these policies it must have been turned down by a private company? In other words, if there is any chance of a private corporation taking it this corporation will not?

Mr. Howe (Port Arthur): There is no private company in the world handling this kind of insurance.

Resolution reported, read the second time and concurred in.

Mr. Howe (Port Arthur) thereupon moved for leave to introduce Bill No. 295, to amend the Export Credits Insurance Act.

Motion agreed to and bill read the first time.

NORTHWEST ATLANTIC FISHERIES

MEASURE TO IMPLEMENT INTERNATIONAL CONVENTION

Right Hon. C. D. Howe (for the Minister of Fisheries) moved the second reading of Bill No. 251, to implement the international convention for the northwest Atlantic fisheries.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): When this bill was in the resolution stage, the Minister of Fisheries made a very concise statement concerning the international convention for the northwest Atlantic fisheries, and how it operates. There is very little that I can add at this time to what the minister said on that occasion. Briefly, however, the purpose of this bill is to permit the governor in council to make regulations to carry out the obligations assumed by Canada under the convention.

As hon. members know, under the annex to the convention the convention area, as delineated in article I, was divided into five sub-areas. Under the provisions of article IV of the convention, the contracting governments established panels for each sub-area. The entitlement to representation on the several panels is based on contiguity and historic right. In other words, the countries bordering a sub-area are entitled to representation on the panel for the sub-area, as also are the countries who have historic rights to fish in those areas.

Sub-area 5 covers an area contiguous to the states of Maine, New Hampshire, Massachusetts and Rhode Island. In this sub-area

is located the Georges bank, which is a very important fishing area. The only two contracting governments represented on this panel are Canada and the United States. As the Minister of Fisheries (Mr. Sinclair) pointed out in his statement at the resolution stage, Canada and the United States have had much experience in this type of convention. It is not surprising, therefore, that the first recommendation should come from this panel. After much research and scientific study a recommendation was made by this panel that the size of the mesh in trawl nets used for haddock be reduced. It was, therefore, necessary to pass legislation to permit the governor in council to make regulations which would apply to Canadian nationals in the convention area.

Mr. Thomas M. Bell (Saint John-Albert): I should like to comment on the remarks made by the minister the other night, Mr. Speaker. He made the announcement for the first time that Dr. Bates was to be the first chairman of the commission. During my short interest in fisheries I have found that he is highly regarded, and we all consider it a great honour that he is representing us in this matter.

It was pleasing also to hear that Halifax had been chosen as the permanent site of the commission. Over my way we are partial to St. Andrews, so we are a little disappointed that St. Andrews is not included in the new plan. We are pleased, however, that the commission has a site in Halifax.

I have been going back over the story of this convention during the late forties. It was ratified by the house in 1950, but I cannot seem to find reference to the fact that the convention generally has been considered by the standing committee on marine and fisheries. I appreciate that it is perhaps not controversial, but I do think there has not been too much interest shown, either at the resolution stage or upon ratification. I felt also that members from Newfoundland, who should be concerned about one area, did not seem to be too worried over it. I feel that I should ask that this convention be referred to the standing committee on marine and fisheries. The request is subject to the reservation that it has not been considered before.

Mr. A. W. Stuart (Charlotte): Mr. Speaker, I noticed when the parliamentary assistant was making his statement he mentioned the fact that, by agreement, the mesh in drags had been made smaller. Did he mean smaller or larger?

Mr. MacNaught: Smaller.

Mr. Stuart (Charlotte): If he has the information I would appreciate his pointing out what advantage there would be in a smaller drag mesh.

The Acting Speaker (Mr. Applewhaite): Perhaps the hon. member would not mind my reminding him that we are not yet in committee on the bill.

Mr. S. R. Balcom (Halifax): Mr. Speaker, I can appreciate the concern of the hon. member for Saint John-Albert (Mr. Bell) when he said that he thought St. Andrews might have been considered as a location for the offices of the northwest Atlantic fisheries organization.

The members from Halifax feel that this time we should express our gratification in the fact that, after considering the excellent locations in many other cities throughout North America, Halifax has been the chosen city. Perhaps I should reverse the order of those words and say the "city chosen"—because I think we already are the former.

We are very grateful to those other cities and universities, including Harvard, and Memorial College at St. John's, Newfoundland, that have so gracefully acceded to the final decision in favour of Halifax and Dalhousie University. In locating in Halifax, we would like to give credit first of all to Dalhousie University and its president, Dr. Kerr, where quarters and other facilities have been supplied. We would also refer in the same connection to the Halifax board of trade which, through its endeavours, showed the advantages of Halifax over many other places considered. In this connection, too, I would include the government of Nova Scotia for supplying the necessary furniture for the offices.

While the Minister of Fisheries (Mr. Sinclair), his deputy minister and his parliamentary assistant could not at any time show preference for one part of Canada as against another, we would like to thank them for their earnest efforts in convincing the commission that Canada is the ideal country in which to locate this set-up. The work of the commission, I understand, is under the able leadership of the noted Danish scientist, Dr. Poulsen, and the work is proceeding well. Extensive and satisfactory scientific progress is being made.

It is hoped, and I feel sure the hope will be realized, that through conservation methods introduced and carried out by the commission, stocks of fish will be conserved to such an extent and at such a level that the maximum catch will be available for many future

generations of fishermen. Through this a more stable economy will be assured for those provinces that are largely dependent upon fish for their livelihood.

On June 1 it is planned to have a general meeting of the commission in Halifax, upon which occasion representatives of all countries in the convention will be present. Those countries are the United States, Iceland, Denmark, Norway, France, the United Kingdom, Spain, Portugal, Italy and Canada.

As I said, the choice of Dalhousie University is a happy one, in that we have many scientific libraries at hand and readily available. I have in mind the one at Dalhousie University, as well as those at St. Mary's University and at King's University. And by the way, this last named is the oldest university in Canada. It will also have available the libraries of the Nova Scotia Technical College, the well-stocked library of the fisheries research experimental station which has, I believe, the best equipped fisheries biological laboratory in the world, the Halifax Memorial library, as well as the extensive and selective libraries of the Nova Scotia research council, under Dr. H. D. Smith, and the libraries of Acadia University, St. Francis Xavier University and that of the Memorial College at St. John's, Newfoundland.

Perhaps all these universities and libraries so readily available will indicate to members of the house one reason why Nova Scotia has the largest ratio of university students in Canada. And it might also at the same time raise a question in our minds as to why it is that Nova Scotia universities receive from the Massey grants the smallest per-student grant of any province in Canada.

Mr. G. C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, before the debate on second reading is concluded, I should like to join with others in what has been said. Obviously this is not a controversial measure, but one to which we can give general support. All hon. members realize the necessity for conservation, and the importance of the type of work contemplated in the legislation before us.

I most certainly join in what was said by the previous speaker about the satisfaction we all feel in the fact that Canada has been chosen as the country from which the commission will operate. Those of us from the east recognize the wisdom of it. Those in control of the board have been wise in choosing Nova Scotia as the province out of which they will operate. This reflects great credit upon their judgment and intelligence, and suggests that in future, if their operations are conducted as wisely, they will be very successful.

I am not sure as to what the course of procedure is to be in this instance—whether the matter is to be referred to a committee, or whether we shall deal with it in committee of the whole. And, if so, I do not know whether we will proceed with the discussion immediately after second reading has been given, or at some future date. There are however some questions one would wish to ask.

Along with the hon. member for Charlotte (Mr. Stuart) I did not grasp the significance of the reduction in the size of the mesh, to which reference was made by the parliamentary assistant, and which was described as a conservation measure. We do realize that conservation is necessary, but we also know that sometimes measures suggested by some organizations can impose a great deal of expense—sometimes unnecessary expense—upon fishermen engaged in the industry. I hope that the board will consider this point.

Canada will be represented on various panels, and certainly we need to safeguard the fisheries and, particularly, the interests of the fishermen engaged in the industry. At the moment the industry is undergoing economic difficulties, as was pointed out the other day by the hon. member for Charlotte; and I believe this point has been stressed at other times by other hon. members.

Reference to the size of mesh reminds me about a change in the size of rings in scallop draggers, which was brought about a year ago. I do not think this change has resulted in any safeguarding of the scallop industry, and most certainly it has put the fishermen engaged in that industry to a substantial expense—an expense which many feel was unwarranted.

In general, however, there cannot be any criticism of the principle of the bill, or of the action taken thus far. We are all in agreement on that. The only questions would be those of detail in administration, having special reference to the fish and the waters concerned, and all those other matters. I have no doubt these could be better discussed in committee of the whole.

Mr. Stuart (Charlotte): Mr. Speaker, when I referred to the—

Mr. Pearkes: The hon. member has already spoken, Mr. Speaker.

Mr. Speaker: If the hon. member for Esquimalt-Saanich (Mr. Pearkes) wishes to speak now, he may be heard.

Mr. Pearkes: The hon. member who is standing has already spoken in this debate.

Mr. Stuart (Charlotte): I did not speak; I asked a question.

Mr. Speaker: In asking a question the hon. member exhausted his right to speak on second reading. The hon. member for Esquimalt-Saanich may now speak.

Mr. G. R. Pearkes (Esquimalt-Saanich): Far be it from me, representing a constituency on the Pacific coast, to enter into a debate as to the relative merits of the various provinces on the Atlantic seaboard; but I do rise to support the suggestion which was made by the hon. member for Saint John-Albert (Mr. Bell) that this bill be referred to the standing committee on marine and fisheries. A similar bill which dealt with the fisheries of the north Pacific ocean was referred to that committee a year ago, and the principle of the bill and details thereof were clarified in that committee in a way that it would not have been possible to have them clarified in the committee of the whole.

A good deal of advantage would accrue by referring this bill, although it is just a simple one, to that committee, where we could have the officials of the department give the background of the reasons why it has been introduced. We would be able, if necessary, to hear evidence from the interested parties, the fishing industry, or the fishermen of the Atlantic coast, and I believe that considerable value would be gained from having this bill referred to the standing committee on marine and fisheries which is not very heavily employed at the present time.

Mr. J. A. MacLean (Queens): As a member of this house who is especially interested in conservation in all its forms I should like to take the opportunity of making a few comments on this occasion. Perhaps it is not generally realized how important the resources of the sea are. As a matter of fact, at the present time, without the products which we reap from the sea, the present population of the world could not satisfy its protein nourishment needs. As far as carbohydrates and that sort of thing are concerned, perhaps we might be able to get along without the fishing industry, but when one considers how necessary proteins are in people's diet, one realizes that already we have exhausted the available facilities for the production of protein from the land, and must turn to the sea for it.

The other day, in commenting on this bill in the resolution stage, the Minister of Fisheries (Mr. Sinclair) said, as reported at page 1934 of *Hansard*:

> The Grand Banks are still, after 400 years of fishing, the greatest single fishery in the world, but in recent years there have been signs of depletion in one or two of the banks, which give concern to the nations which are fishing that great fishing ground.

I agree with the opinion expressed by the minister when he said that the Grand Banks of Newfoundland, and the northwestern Atlantic generally, are one of the greatest fishing grounds in the world. I think it is very much of an understatement to say that in recent years there have been signs of depletion. Actually the northwest Atlantic fishery has been tremendously depleted in the last 450 years, and many forms of marine life in that area have been exterminated. It is an historic and important source of food for the peoples of Europe, and following John Cabot's voyage to Newfoundland there grew up a great and important fishing industry on the Grand Banks of Newfoundland, even in the sixteenth century.

That was understandable because when that area became known to Europe it was realized that it was an area of great abundance. There was an incredible supply of fish and other forms of marine life there, and that supply has been gradually depleted. It is very encouraging that even at this late date the nations concerned should get together and do something to preserve the resources which they have in common in that area.

I quote from a book published by Mr. Biggar dealing with the early trading companies of France, at page 18:

> On the return of Cabot from his first voyage in the year 1497 an Italian envoy in England wrote home to Milan that the sea in those parts had been found so full of fish that the sailors caught them by merely lowering a basket with a stone in it and hauling it up again.

In other words, the Grand Banks of Newfoundland were teeming with fish, and the same was true of the gulf of St. Lawrence and adjacent waters. When that news spread there was much interest and great excitement in Europe and an immediate effort was made to exploit the resources that had been discovered. As a result, from about 1506 on, a large number of ships went annually across the Atlantic from France, Portugal, England and Spain to fish on the Grand Banks; and the number of ships that sailed across the Atlantic in those early days to exploit the fishery there was really remarkable. As early as 1578 as many as 150 ships went annually from Europe to fish on the Grand Banks. Of course, that number was much lower in some years. For instance, in the year that the Spanish Armada sailed against England the number was greatly reduced, because crews in the Spanish Armada were pressed from the crews of those Basque fishing ships which would normally have come across the Atlantic.

There was an abundance of fish not only on the banks but in other areas where they now have become relatively scarce, for instance, in the gulf of St. Lawrence areas. There were industries other than fishing which were based on marine life and which were of great importance in those days. There was a large fleet from the bay of Biscay that came across the Atlantic annually to whale in the gulf of St. Lawrence. The number of whales in the gulf of St. Lawrence has been greatly diminished. There are other forms of life that have been exterminated. In those early days the islands of the gulf of St. Lawrence were practically covered with what were known at that time as sea oxen or sea cows. There is still a place in the riding of the parliamentary assistant to the Minister of Fisheries (Mr. MacNaught) that is called Sea Cow Pond, and it gets its name from the fact that two or three hundred years ago it was customary to hunt those sea cows in that area. That animal has been exterminated.

There was another type of sea cow that existed in Davis strait, and I believe they became extinct in 1768. Their existence was discovered only 30 years before, but they were the type of animal that was easy to hunt, and Russian fishing vessels came annually to hunt these sea cows in the Bering strait. They were exterminated in the course of 30 years. I point this out merely to illustrate how the original natural resources in this part of the Atlantic ocean have been reduced in the last 450 years. When Jacques Cartier arrived in the gulf of St. Lawrence in 1534 he had this to say when recording the details of his voyage:

> About two leagues from Cape royall wee sounded and found 20 fadome water, and there is the greatest fishing of Cods that possible may be: for staying for our company, in lesse then an houre we tooke above an hundredth of them.

If one refers to historical references one will find many instances of an extreme abundance of fish and other forms of marine life 400 years ago in this area before they were exploited to any great extent. I make these remarks merely to point up the fact that this area has been exploited to a considerable extent and its possibilities have been reduced over the years by indiscriminate fishing and hunting of marine life.

As I have said already, there are various types of life that have been exterminated, and I refer particularly to two types of sea cow. Various types of birds, including penguins, which were very common on the islands of the gulf of St. Lawrence 400 years ago, have been wiped out. The number of fish has been reduced tremendously and the whole balance of nature has been upset.

Therefore, I suggest that it is most important that consideration be given to widening the scope of this convention to include forms of marine life other than fish. I have in mind especially whales and seals in the northern St. Lawrence and around Newfoundland. I think the protection of this form of life is very important.

I must say that I am tremendously encouraged by the indication that real progress will be made almost immediately in a co-operative, scientific study of the situation with a view to making regulations to be enforced by the various partners which will increase the potential of the resources in the northwest Atlantic.

Mr. J. Watson MacNaught (Parliamentary Assistant to the Minister of Fisheries): Mr. Speaker, in closing this debate I want to make just one or two references. More particularly I want to refer to the remarks of the hon. member for Saint John-Albert (Mr. Bell) and the hon. member for Esquimalt-Saanich (Mr. Pearkes) to the effect that this bill be referred to the standing committee on fisheries. I do not think that any useful purpose would be served by sending this bill to the standing committee.

The hon. member for Esquimalt-Saanich referred to the fact that the north Pacific fisheries convention was referred to the standing committee, but there is no analogy between the two cases. In the instance referred to by the hon. member the convention had not been ratified by the house and it was considered thoroughly by the committee before ratification took place. In the present instance the convention was approved by the house in July, 1950, and has been ratified by the ten other countries. I cannot see what purpose would be served by having it referred to the committee at this time.

I regret that something I said appears to have left confusion in the minds of the hon. member for Charlotte (Mr. Stuart) and the hon. member for Digby-Annapolis-Kings (Mr. Nowlan). What I intended to say was that the recommendation of the panel was that the mesh be standardized. Perhaps it would be more clear to hon. members if I read the recommendation, which was as follows:

> That the contracting governments take appropriate action to prohibit the taking of haddock in sub-area 5 by persons under their jurisdiction with a trawl net having a mesh size less than four and one-half inches.

In other words, it is essential that no net with a smaller mesh be used.

I agree with what the hon. member for Halifax (Mr. Balcom) said concerning my alma mater, Dalhousie University. I want to thank all hon. members for taking part in the debate and for their laudatory remarks concerning the work of our deputy minister and other officials in the department.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Stuart (Charlotte): Mr. Chairman, this gives me an opportunity to clarify my position with regard to the statement made by the parliamentary assistant. Over the years I have found that to a great extent the criticism with regard to trawlers has been in connection with the size of the mesh used, and for that reason I asked the parliamentary assistant if he had said that the mesh would be smaller instead of larger.

The criticism in this regard has been due to the fact that a great number of the fish taken in drags are killed in the drag and when liberated are a complete loss. That has been the criticism for many years with regard to this type of fishing. Skippers of trawlers have told me that in some cases the number of fish destroyed would be greater than the number saved. There would be no comparison in poundage, of course. For that reason it has always been felt that any conservation work should be directed toward the use of a larger rather than smaller mesh. That is why I made the comment I did.

I should like to refer for a moment to the statement made by the hon. member for Digby - Annapolis - Kings, that the changes made in the scallop drag did not meet with the approval of fishermen in that area. I might say at this point that I have dragged for scallops myself and I am heartily in agreement with the change made in the size of the scallop drag. The department was convinced that the size should be increased in all areas where scallops are dragged. On the west side of the bay of Fundy beds of small scallops were found. When the fishermen went out to drag these beds, and when their catch was looked over by the fisheries inspector, it was decided that the scallops were too small and they were forbidden to drag on that particular ground. That has caused a great deal of ill feeling. In many cases the scallop beds have been practically depleted in a matter of a year or two by starfish and other marine growths. The fishermen have always thought that when scallops are found they should be given a permit to drag for them. I had an example on Grand Manan island almost one year ago where a nice bed of scallops was found and the price at that time, if I remember correctly, was 60 cents a pound. That is a very good price. The fishermen were doing very well. Then the department decided that it should be closed.

In discussing this matter with the officials of the department it was suggested that if the mesh in that drag—and as we all know they are metal rings—was enlarged, it would allow the small scallops to escape. The reason that occurred was one which I will explain briefly. As to scallops, the same as with lobsters, there is a two-inch limit. There never was a barrel of clams dug which an inspector could not condemn if he wanted to because there never was a barrel of clams dug in which you could not find some clams below two inches. The same thing applies to scallops. There never was a boatload of scallops that came into dock that an inspector could not condemn as far as size is concerned. It was a headache for the inspector. It was a headache for the fishermen. That is the reason, to a great extent, that if they had small scallops they would not go in at all. They would go into some isolated place and shuck them there. That is the position in which you are placed. With the scallops that we have, if they had been taken off the beds at that time during last winter—the price has fallen this year—the fishermen would have derived greater benefits then than they will in 1954. But again that was because of a price drop. That was all. But any move by this department that increases the size limit has my support. The same thing would apply to the lobster industry. I may be getting away from the bill for a moment. The same thing would apply to all these branches of this industry that I have had anything to do with. I have found that when you increase the size limit, it is of benefit to the producer. That is why I was most anxious about the statement made by the parliamentary assistant. I felt that if the size of mesh of these drags was to be smaller than it was previously, it was a step in the wrong direction and not a step in a way that would indicate that conservation was being considered.

Mr. Nowlan: Following the hon. member for Charlotte I should like to say a word. I think we are in substantial agreement. His fishermen are on the opposite side of the bay of Fundy and their problems and the problems of the fishermen in my constituency are common ones. I know the views he has

expressed on behalf of the fishermen of his area would be expressed by the fishermen on the opposite side of the bay of Fundy. I know that the matter of scallops is a most serious one. The market price is less than it has been, in I do not know how many years; I guess since the industry was first commenced. There is a real problem.

What he said about the size of the mesh in the trawls and the operation of the draggers generally or the trawlers is a most serious matter. I do not know whether it will come within the purview of this commission or not, but the hon. member for Charlotte pointed out the damage done by the trawlers generally and the conflict between the trawls, the fishermen operating trawls and the hand-liners, the inshore fishermen on the small operations, with his line and what-have-you, who sees that he is being ruined and his existence is being threatened by that form of fishing. Apparently the size of the trawl, so we are told, has now been standardized. But I hope that this commission—it may not come within its jurisdiction—will look into the matter. I suggest that more careful study must be given to the operation of these trawlers in the inshore waters. In so far as the high seas are concerned, I realize that the industry must be standardized, that there must be assurance of a steady flow of fish, and that trawlers operating on the high seas are necessary to maintain the industry. But in the inshore waters, in the waters adjacent to Charlotte and in the waters adjacent to Digby—these coves, bays and inlets up at the head of the bay of Fundy, where the haddock go to spawn in the fall, and where they come back along the inshore waters—the trawlers come there and catch them. Forty or fifty thousand of the big haddock are taken in those boats and the hand-liners along the shore have a poor winter. We have heard about unemployment in this chamber during the last three or four days. The situation confronting some of these fishing villages after one operation by a trawler like that is comparable to what we have heard with regard to industrial centres throughout Canada. I simply want to emphasize the importance of this commission. I agree with what the hon. member for Queens has said. We all know that conservation is necessary. We know that the waters have been exploited in the past and they are depleted in many parts today. This is an important question. It is a matter on which one must make progress slowly. Certainly the interests of the fishermen of today must be protected as well as the industry in the future.

[Mr. Nowlan.]

Mr. MacLean: There is one question on which I should like to have some general information, and I know the parliamentary assistant will be kind enough to explain it. As I understand it, when this convention was signed it was before Newfoundland came into confederation and Newfoundland signed as a contracting government on its own. There are certain obligations which the convention allots to each of the contracting governments. As an example article XI, section 3, subsection (a) states:

> From the administrative budget there shall be deducted a sum of 500 United States dollars for each contracting government;

And that sort of thing. It is based on the assumption that Newfoundland and Canada were two separate contracting parties. Now that they have become one country, how has this been resolved? In other words, do we take over two shares of the responsibility, one for the original nine provinces and another for Newfoundland? Or do we merely absorb the obligations which were originally contracted for by Newfoundland into our own as one contracting party?

Mr. MacNaught: When I moved the adoption of the ratification of the convention on May 29, 1950, I referred to the problem raised by the hon. member for Queens. At that time, owing to the position of Newfoundland then, it was necessary to refer to it separately but later on it was taken in and was included in the Canadian panels and so on. In other words, Canada pays only its proportion, which proportion is based on the number of panels on which it has representation in the commission. There are five panels, and Canada has representation on four of the panels. The sub-area on which Canada has no panel representation is the area contiguous to Greenland. Does that satisfy my hon. friend?

Mr. MacLean: Yes; thank you.

Mr. Nowlan: I should like to ask the parliamentary assistant one question. It probably was mentioned when he moved ratification of the convention but I have forgotten it and so I raise it again now. The international convention refers to the protection and conservation of fisheries of the northwest Atlantic ocean. One would assume that would include all fish of all kinds. I notice article IV (2) states:

> After this convention has been in force for two years, but not before that time, panel representation shall be reviewed annually by the commission, which shall have the power, subject to consultation with the panel concerned, to determine representation on each panel on the basis of current substantial

exploitation in the sub-area concerned of fishes of the cod group (*Gadiformes*), of flat fishes (*Pleuronectiformes*), and of rosefish (*genus Sebastes*), . . .

Those are the only three which are mentioned. Am I right in assuming that all fish of all kinds—including shall we say scallops and shellfish—are included within this convention? Then if I am right in assuming that, what representation on the panels have fish other than those mentioned in paragraph 2, namely cod, flat fishes and rosefish?

Mr. MacNaught: I say this subject to correction, Mr. Chairman, but I do not think any other fish are included except those in subsection 2 of article IV.

Mr. Nowlan: Those are all that are included in this convention.

Mr. MacNaught: That is right.

Clause agreed to.

On clause 2—*Definitions.*

Mr. Bell: With respect to clause 2, paragraph (c), "convention area", I am wondering about the rights that the French fishermen have and have had for years inside the territorial waters of Newfoundland. I realize that the question of territorial waters is a controversial one, but would the rights of the French fishermen still be protected?

Mr. MacNaught: Any rights the French fishermen had under international law would not be interfered with by this convention unless they agree later on to give them up.

Mr. Power (St. John's West): I may be wrong in my history, but it is my notion that the rights that the French fishermen had in Newfoundland waters were treaty rights and that these were abolished about the beginning of this century. French fishermen have no more rights in Newfoundland waters now than the fishermen of any other foreign nation.

Mr. MacNaught: I prefaced my remarks by saying "any rights that they had". I am not saying they had any rights.

Clause agreed to.

On clause 3—*Regulations.*

Mr. Bell: I should like to make a comment with regard to the licences that may be issued. I do not know how far the regulations will go but this is quite a broad clause and as a novice in the fisheries game I should like to pass on one suggestion. I suggest that every care be exercised in the issuing of licences to see that the people who actually do the fishing get the licences. We are having trouble now in Saint John county, and I think it extends into Charlotte county. I should like to say that the fisheries department is aware of it and is giving us good co-operation, but so far as any new areas or any new licences that may be issued under the regulations are concerned we should start right from the beginning to see that those who actively work the weirs and do the fishing are the only ones who are considered for licences. I think that would be commendable.

Clause agreed to.

Clauses 4 to 6 inclusive agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall this bill be read the third time?

Mr. Knowles: Next sitting of the house.

TELEGRAPHS ACT

APPLICATION OF PART III CONCERNING MARINE ELECTRIC TELEGRAPH COMPANIES

Hon. W. E. Harris (for the Minister of Transport) moved the second reading of Bill No. 30, to amend the Telegraphs Act.

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): Mr. Speaker, this is a very simple bill and I wish to make the following statement in order to further clarify the situation. The Telegraphs Act, chapter 262 of the Revised Statutes of Canada, 1952, applies to the province of Newfoundland since confederation. Part III of the Telegraphs Act which relates to marine electric telegraph companies was first enacted in 1875. Prior to that date there was no legislation of the parliament of Canada dealing with the control of cable companies.

Part III of the Telegraphs Act applies to every company authorized by act of parliament to construct or maintain telegraph wires or cables placed under or across any territorial waters of Canada so as to connect a province with another province or to extend beyond the limits of a province. It also applies to companies authorized to construct or maintain such wires or cables before the 8th day of April, 1875, by act of the parliament of Canada or by act or charter of any of the provinces constituting Canada in force at that time. Only companies to which this part applies are authorized to construct, maintain or use such wires or cables connecting two or more provinces or extending beyond the limits of a province.

The act requires the company, before exercising any of its powers, to obtain the approval of the governor in council of the plan, site and location of its telegraph, the shore approaches, its stations on land and related works.

When Newfoundland united with Canada in 1949, certain companies such as Cable and Wireless Limited and Anglo-American Cable Company Limited were authorized by Newfoundland to operate cables landed in Newfoundland. Western Union and Commercial Cable Company also land their cables in that province. In particular, Cable and Wireless Limited, a company incorporated in the United Kingdom, operates a cable between the United Kingdom, Newfoundland and Nova Scotia, but this company is not authorized under the Telegraphs Act to land its cables in Canada and is not a company coming within part III of that act. It is proposed to bring Cable and Wireless Limited under this part of the Telegraphs Act so that Cable and Wireless Limited in conjunction with Canadian Overseas Telecommunication Corporation may be authorized to construct and operate certain cables in connection with the commonwealth telegraphs agreement, 1948, to which, as you know, Canada is a party.

It is considered to be within the intent of the terms of union of Newfoundland with Canada to have part III of the Telegraphs Act apply to companies authorized under the laws of Newfoundland prior to union to construct and maintain submarine cables extending beyond the limits of that province. The bill, as I said, is a simple one and there is no doubt that parliament has the necessary jurisdiction to enact the proposed amendment.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I agree with the parliamentary assistant that this is a routine bill but there are one or two clauses in it—I will not refer to them particularly now—which to my mind are in conflict with the Newfoundland aspect of the matter. I feel that there may be some overlapping. I do not mean that there is not authority under the constitution to pass this legislation, but there are one or two points involving the existence of Newfoundland previously and I think they should be taken into consideration.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1.

Mr. Bell: I quite realize the implications of clause 1 (c) on section 18 in the act, but there is mention there of a New York, Newfoundland and London Telegraph Company with rights existing at this time. I do not know what their position would be under the new section.

Mr. Langlois (Gaspe): When you read section 18 of the Telegraphs Act, Mr. Chairman, you will note that this section only says:

> "This act does not affect any franchise, right or privilege that the New York, Newfoundland and London Telegraph Company or any other company, or person lawfully entitled thereto, actually acquired and exercised or operated in Prince Edward Island before and up to the said 1st day of July, 1873, under and subject to the provisions of any act of the legislature of Prince Edward Island made and passed before the said 1st day of July, 1873" . . . etc.

This has nothing to do with the proposed amendment, since the proposed amendment does not deal with that particular company but with companies which were in operation in Newfoundland prior to the union of Newfoundland with Canada.

Mr. Bell: The point I am making is that you are seeking to put in an extra section in the middle of the act, and there are other sections which make definite mention of Newfoundland when it was not a part of Canada. While section 18 has no direct bearing on clause 1 (c) and might not be in conflict with it, I am certain that section 39 is.

Mr. Langlois (Gaspe): I hope the hon. member will indicate in a clearer manner just how section 39 comes into conflict with the proposed amendment.

Mr. Bell: I appreciate that it is confusing, but you are taking a section and adding it to the middle of part III of the Telegraphs Act. I maintain that some of the other sections of the Telegraphs Act are in conflict with that section you are reading because at the time the Telegraphs Act was drawn up Newfoundland was not a part of Canada. There are instances in some sections where Newfoundland is referred to as a separate country. I feel some consideration at least should be given to these sections that are farther on in the act.

Mr. Langlois (Gaspe): I must admit that I do not see the point which the hon. member is trying to make. The existing sections in the Telegraphs Act are not being amended, and will have the same effect as they have had since this act was put into force. Whatever is said in section 17 of the act, either in the two existing paragraphs (a) and (b) or in the new paragraph (c) which we are adding today, will be governed by whatever is said in the following sections. I should like the hon. member to explain further how these sections could come into conflict with the proposed amendment.

Mr. Bell: Well, section 17 of part III of the Telegraphs Act begins by saying that this part applies to every company, and then goes on to list them. They are in the act now. You are adding paragraph (c), and that is fine, but the other sections of part III of the act which come along from section 18 onwards were drawn up at a time when Newfoundland was not a part of Canada. I maintain that there is some law in those sections concerning Newfoundland as a separate country which is in conflict with the addition you are making to the act. At least, I ask for consideration of that point. I do not want to be dogmatic about it. That is the only point I want to make on it.

The Deputy Chairman: If the parliamentary assistant wishes, we could call it six o'clock, and he could answer the question later.

Mr. Langlois (Gaspe): I do not think the hon member has clarified the point he wishes to make. However I can assure him that the law officers of our department have thoroughly considered the amendment before submitting it, and I am certain he can take it there is no conflict between the proposed amendment and the existing sections of the Telegraphs Act.

Clause agreed to.

Title agreed to.

Bill reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

NATIONAL BATTLEFIELDS

QUEBEC—AMOUNT PAID TO COMMISSION INCREASED TO $125,000

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the second reading of Bill No. 167, to amend an act respecting the national battlefields at Quebec.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Payment of $125,000 a year for four years authorized.*

Mr. Power (Quebec South): Mr. Chairman, over a very long period of years I have taken a great interest in the subject matter of the bill now before the house. For that reason I am beholden to thank the minister for the interest he is taking in this question—and that, notwithstanding his great preoccupation with the enormous task he has before him in the development of those great last frontiers of Canada, the new regions of our north country. I am sure that he, in the interest which he takes in the preservation and conservation of the memorials to those who have gone before us, will find inspiration for himself and his associates in the great task they have undertaken.

My interest, as I have said, creates in my imagination an almost proprietary or vested interest in the objects which are covered by this bill. Back in March of 1920 I moved in the house—

> That, in the opinion of this house, the ancient walls and fortifications of the city of Quebec, having for all military purposes become obsolete, it is expedient in order to better preserve these valuable heirlooms as a historical monument for future generations, that their upkeep and control be now vested in the national battlefields commission.

This resolution was repeated on one or more occasions. But in connection with this matter let me say that, as a member of parliament, I went through almost the entire gamut of human emotions. There was fervour, crusading zeal, a certain amount of encouragement, setbacks, small successes, long years of patient waiting, and finally almost partial achievement—and, I regret to say, at the end a good deal of disillusionment.

Encouraged by the somewhat favourable comments of the then existing government, in 1920, I fondly imagined that when a friendly government should come into power what had been encouragement would become decisive action. But, like a great many of that generation following the first war, I was carried away by the slogan that the 1914-18 war had been a war to end all wars. And in my firm belief in that theory I was bold enough, and imprudent enough, to move in 1922 that the estimates of the militia department, including the salaries of the military heads, be considerably curtailed. After that, may I tell the house, the walls still remained in the control of the Department of National Defence, and my most impassioned pleas to preserve their historic interest met with brazen hearts and cold words from the heads of the department.

After a term of years, proceeding along these lines, it occurred to me that the interest which I had intended to suscitate might better be covered by an appeal to another element of the thinking of the ministry, the political element. And I raised the question in this house of the possibility—yes, and the probability—that these walls, if their upkeep and fortifications were not kept in proper repair by the Department of National Defence,

might some day crumble, and fall upon the inhabitants of the quarters situated below the hill, thus wiping out a substantial Liberal majority.

In those days the Liberal party had not achieved the state of respectability which it now enjoys, and those of us who wished to be returned sought and obtained considerable support from below the hill—or "below the track", as they would put it in other constituencies. The result of these representations was that, within a short space of time, moneys were voted by the Department of National Defence for the repair of these walls. And by strange coincidence, once every four years more moneys were voted, with the result that the Quebec walls, taken by themselves, are today in a reasonable state of preservation.

But it did take over 30 years for the government, as a whole, to be moved to the point where the control of the upkeep and maintenance of these historic monuments was taken out of the hands of the Department of National Defence and transferred to a civilian department. This took place some time in 1950. It was announced that, from now on, these properties would be looked after, maintained and kept by the then department of resources. But unfortunately, I believe through some slip, or perhaps because the military mind was not existent in the civilian department, in the transfer there was an oversight in that whereas the walls themselves, that is to say, the mortar, the rock and the brick, were turned over to the department; the approaches, the fortifications, which I believe to the military mind are part of an entire fortified city, such as the glacis, the clearance made for the path of fire, and so forth were transferred to the national battlefields commission. The result is that today we appear to have two authorities dealing with what, in the opinion of many, should be exactly the same property. I am going to suggest to the minister, not for immediate action, because I realize that there will be many obstacles to overcome, that he take under the immediate control of his department both the actual concrete buildings, walls, bricks and so on and the approaches thereto consisting of the glacis, the cleared terrain which lies in front of it, and that having the two together he might proceed to the development of this great historic site of Canada in a manner which befits the government of Canada.

May I suggest to him that he has very valid reasons for undertaking this in his department. The national battlefields commission of itself has neither the facilities, the personnel nor the equipment to undertake anything like reasonably large capital expenditure such as the building of approaches and the giving of access to the more important parts of the fortification. I would suggest to him that he do not at once abolish the commission, but that he retain it in a consultative capacity within his department, and that the one or two permanent employees—and I do not think there are more than that—be also taken over and become employees of his department.

Should he—and I think perhaps he may—meet with some local prejudice, may I suggest to him that if he looks over the debates which took place in this house at the time of the creation of the national battlefields commission in 1908 he will find that at that time there was some objection, and serious objection also, from a great leader of public opinion in our province, the late Armand LaVergne, who objected to the creation of such a commission with a constitution as laid down in the act, which I believe is still in existence, whereby persons from other countries and from other provinces could on the subscription or contribution by that country or province select a commissioner on the national battlefields commission. Mr. LaVergne raised the question in this house, and as a matter of fact divided the house on the subject. It may be that at that time there was considerable justification for the constitution of the commission as it was then formed, since the figures given to me by the department indicate that outside of the contribution of the government of the day, which was I think $300,000, there were gifts from provincial governments amounting in all to $260,000; gifts from Canadian municipalities; a gift from New Zealand; gifts from teaching institutions in Canada, in Great Britain and in other parts of the empire; gifts from historical societies, from commercial institutions and so forth, amounting to $556,787.24, which was certainly to some extent a justification of the peculiar constitution of this particular commission. But I submit, sir, and suggest to the minister that at the present time the function of this commission is restricted almost wholly to that of maintenance. There are eight or ten commissioners, I do not know which, all of whom are men of standing and prestige in the community, and it is hardly likely that men of that particular executive capacity and standing would do very much in the way of attending to the work of laying out paths or deciding which particular type of shrubbery, be it mistletoe or holly, should line the different paths, byways and roadways in this particular park.

Again my suggestion to him is that he retain the services of these very eminent and estimable persons as consulting authorities in matters relating to this great national battlefields park, and that his department

undertake to do whatever there is to be done so as to bring the national battlefields park of Quebec, which after all was the first one constituted in this country and which from the standpoint of history does represent a great deal in the early and even in the later life of this great country of ours, on a par with all the national parks throughout the country. If he were to undertake the work which should be done by his department, I am sure it would not be long before the national battlefields park in Quebec would have the facilities and the appearance which would make it at least on a par with other national parks throughout the country.

Mr. Lesage: Mr. Chairman, I want to say only a few words to comment on what has been said by the hon. member for Quebec South. In doing so I might be a little embarrassed because one has to remember that he is my own member; I live in the constituency which he represents; he is also my ex-senior law partner. Therefore it might not be too easy for me to comment on what he has just said.

Of course he knows the situation and the history of this park better than I do, even if he has been living for a great number of years at one end of the park and I also have been living for a great number of years at the other end of the park.

He has mentioned the reasons why the constitution of the national battlefields commission is what it is. Since it was thought at the time that the provinces, private societies and private individuals, or even other countries, might contribute to the creation and maintenance of the park, it was felt that there should be an independent commission to administer the park. But since 1912 all the money necessary to maintain and improve the park has come from the federal government with no contribution coming from any other source. The question of whether the time has come to change the constitution of the park to bring it directly under part II of the National Parks Act is difficult to answer. I am certainly delighted to have had the views of the experienced hon. member for Quebec South on this matter.

Clause agreed to.

Clause 2 agreed to.

Bill reported.

ANIMAL CONTAGIOUS DISEASES ACT

CHANGE IN BASIS OF COMPENSATION IN RESPECT OF SWINE AND SHEEP

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 250, to amend the Animal Contagious Diseases Act.

He said: Mr. Speaker, in order to abide by the general rules of the house it is necessary that a minister move the second reading of this particular bill, but as my parliamentary assistant handled the matter at the resolution stage I am going to ask the house to permit him to make a speech in connection with this bill at this time.

Mr. Robert McCubbin (Parliamentary Assistant to the Minister of Agriculture): Mr. Speaker, in this amendment of the Animal Contagious Diseases Act it is intended to change the basis of compensation. Under the act as it now stands we paid, in the case of swine, $50 for purebred and $30 for grade hogs; in the case of sheep the compensation was $50 for purebred and $20 for grade types. Under this new amendment we are going to pay the market value of sheep that have to be destroyed because of any disease that may occur. We have been most fortunate over the years in not having many diseases in sheep, but other countries have not been so fortunate and we may be faced with this problem in this country.

In the case of hogs, for many years these animals have been afflicted with cholera, particularly in the province of Ontario where we had a serious outbreak last year. The government feels that it would be in the interests of hog producers to increase the compensation to be paid. For that reason, instead of the $30 paid formerly for grade animals and $50 for purebred animals, we are now going to pay the market value of hogs when they are slaughtered.

I may be asked, What is meant by market value, slaughter value or any other term that I might use? Anyone who is a farmer will understand that in the case of small pigs they might be worth $10 or $12 when they are six to eight weeks old. If such pigs were slaughtered, $10 or $12 would be paid.

A pig ready for market might be worth in the neighbourhood of $50, and $50 would be paid for such a pig when slaughtered. A brood sow might be worth in the neighbourhood of $75, $80 or more, and if she were slaughtered, $75, $80 or more would be paid.

By this means we hope to help to eradicate any disease that may occur. We feel confident that this legislation will be favourably received by the producers and they will appreciate what we are trying to do to help them.

Mr. J. A. Charlton (Brant-Haldimand): Mr. Speaker, a week ago Tuesday night the debate on this legislation to amend the Animal Contagious Diseases Act was commenced and at that time I was careful to have the parliamentary assistant describe what was meant

by market value. The definition he gives tonight is different from the definition given a week ago last Tuesday. I should like to quote from page 1933 of *Hansard* of February 9, where the parliamentary assistant is reported as having said:

> The market value of a cattle beast may be the value that the farmer, in sending that cattle beast to an inspected slaughterhouse, is able to obtain.

As appears on the opposite page, I was careful to have the parliamentary assistant say that he did not mean the replacement value; he said that it was the slaughter value. In that case, I think it was most unfair for purebred sheep and swine breeders. However, the definition has been changed tonight and the parliamentary assistant is now defining market value as the actual market value of the swine or sheep.

That being the case, I submit that the principle of this bill is not good either way you look at it. If the definition was right a week ago Tuesday night it was not good for the purebred sheep and swine breeders. If it is right tonight, it is not good for the purebred cattle and horse breeder.

This is government legislation and it is the duty of the opposition to point out any discrepancies. So far as I know, the only case where the actual market value was paid for animals was during the outbreak of the foot-and-mouth disease in Saskatchewan two years ago. That was covered by special legislation. It was only right that the market value was paid in order that breeders might be more apt to report the disease.

If that principle was fair in connection with foot-and-mouth disease, is it not just as fair that it should apply in the case of t.b. reactors? The government takes the t.b. tests. The other evening the parliamentary assistant said that this was done at the request of the farmers. That is partly true. The first test in a county is taken at the farmers' behest if they want the county to be a restricted area.

However, these animals are now t.b. tested every so often and the farmer has nothing to say as to whether a reactor is kept in the herd. It must be tattooed, or tagged and taken to a slaughterhouse and slaughtered. What is fair for one is fair for the other. If a fair market value is to be placed on cattle in the case of foot-and-mouth disease, and is to be placed on sheep and hogs in the case of cholera or any disease for which they have to be killed, then I say it is just as fair that fair market value be placed on purebred cattle and purebred horses in case they have to be slaughtered by government officials. The action taken in both cases—whether it be as a result of hog cholera, foot-and-mouth disease or any other disease such as tuberculosis—is taken to protect the cattle breeders of this country—and, incidentally, the health of Canadians all across the country—and the economy of the country as a whole. Why should cattle breeders and horse breeders be put in a much less desirable position than that of hog breeders and sheep breeders?

I will go so far as to say this. I would suggest to all hog producers and sheep producers across this great Canada of ours—anyone who is breeding purebred animals—that they be sure to get their registration papers in order in case there is an outbreak of hog cholera or of any other disease as a result of which these animals have to be slaughtered. For instance, in the case of a registered bull, a herd sire, the owner probably has gone out and paid $500, $1,000 or maybe $5,000 for it. Then the veterinary inspector comes along, puts a tag in that animal's ear and that animal goes to the slaughterhouse; the breeder gets $100 plus the value of the carcass. With the price of hogs today, in my district not more than two weeks ago, two sows due to farrow shortly, two grade sows, brought $190 apiece. Does the government think it is fair to pay $190 for those grade animals, for instance, when a purebred herd sire that probably cost the owner $1,000 or more should bring only $100?

I want to point out this consideration, Mr. Speaker. We cannot ever place ourselves in a position so as to tolerate the subsidization of disease in this country; nor can we allow disease to become profitable, as was the case back in the 1930's. I would strongly urge the government to consider this argument. If it is fair for one, it is fair for the other. As the situation is at present, there is gross discrimination against the purebred-cattle breeders. If it is fair to pay the fair market value to one group—and I am not saying it is not; I think it is fair to pay the market value—then it is fair to pay it to the other.

You are placing the inspectors in an extremely embarrassing position. Someone who has a herd of purebred stock, developed over a period of 20 years or 25 years, probably representing the work of a lifetime, can have that lifetime's work wiped out in one day by an inspector. It can be wiped out just as fast for tuberculosis as for hog cholera, and just as effectively. I would seriously urge the government to give this matter consideration. I am saying that it is proper that sheep and swine should get all the consideration in the world and should be paid for on the basis of actual market value. But if that be so, I think it is just as fair that cattle breeders should receive the same consideration.

Mr. E. G. McCullough (Moose Mountain): I should like to make a strong recommendation to the minister with regard to this bill; but first I should like to ask some questions of the parliamentary assistant to the minister because I think before we vote on this bill we should have some clarification as to just exactly what is meant by certain terms in the bill.

First I should like to ask the parliamentary assistant to define quite clearly to us what is meant by "market value". As the preceding speaker has indicated, there is definitely a misunderstanding on this conception as to what is meant by the word "market". I for one think that the market value should be the sale value. In connection with that matter, I am going to wait until I hear what the parliamentary assistant has to say.

Then again, in the act respecting infectious or contagious diseases affecting animals there is no definition that I could find which would actually indicate the complete classification of animals as pertaining to this bill. I know that in one place it refers to cattle. Then of course the act refers purely to animals. I should therefore like to have clarification of those two points before I speak further, Mr. Speaker.

Mr. Speaker: Order. Perhaps I should point out to the hon. member that we must not anticipate committee stage. On second reading we must discuss the principle of the bill. The hon. member should not expect the parliamentary assistant to answer his questions now, because when the parliamentary assistant speaks again on second reading, he will be closing the debate.

Mr. McCullough (Moose Mountain): Then, Mr. Speaker, I should like to make quite clear my stand on this matter. First, I want to say that I agree that an amendment was quite essential in order to bring some justice to the producer of livestock in this country. As has been indicated by the parliamentary assistant, under the original bill, in the case of swine which were designated for destruction, there was payable a maximum of $50 for purebred animals and $30 for grade animals, and in the case of sheep, $50 for purebred animals and $20 for grade animals. The import of the amendment would be to strike out the clause of the bill which makes that limitation, and then there would be no ceiling payable under the original paragraphs (c) and (d) of the section of the act.

Of course it is rather difficult at this stage to make any definite recommendation because I am not sure as to what market value actually means, and there seems to be some confusion in the mind of the parliamentary assistant. I want to say to the house that I think that market value should mean the sale value. If we are taking into consideration the removal of the ceiling on payments to purebred sheep breeders and hog breeders, then of course the market value, if it is to be fair, must be the sale value which those animals so destroyed would bring on the market in a purebred sale.

In that connection I want to make a case for all our purebred livestock breeders because, from the standpoint of the producer of livestock and that of the people who consume our livestock products, it is quite essential that they get the best possible type of product. By so doing, the breeder, of course, gets a greater return on his produce and the consumer gets a better quality of meat. I think it is in the interests of the economy and in the interests of the country that this government should promote an increase in the production of purebred cattle because in that way we produce a better quality of livestock all along the line.

I should like to bring to the attention of the house the fact that there has been a tremendous increase in registrations in certain lines of livestock while in other cases we have had a marked decrease in the registration of various types of livestock produced in Canada. I find that according to the Canadian national livestock records registration of swine pedigrees totalled 17,686 in 1945 while in 1953 the figure was 15,019, or a decrease of 2,667 registrations in swine alone. If we turn to the registration of pedigrees of sheep we find that in 1945 there were 16,141 and in 1953 there were 13,550, or a decrease of 2,591. In view of the figures I have just given I think there should be encouragement all along the line. If the words "market value" in the bill as drafted mean the sale value of registered sheep and swine, then I think it will be a very fine thing.

I should like to bring to the attention of the house the rather outstanding increase of pedigree registrations in some of the cattle breeds, and I want to refer to Hereford cattle. There has been an increase of about 126 per cent from 1945 to 1953. In 1945 there were only 14,818 pedigree registrations and in 1953 there was a total of 33,537, or an increase of 18,719. In my opinion the producers of purebred livestock, whether they be sheep, swine or cattle producers, should be protected. It is only on unusual occasions that it is necessary for the government to step in and compensate producers under this legislation, and our Canadian people and the livestock industry should be protected.

I want to urge very strongly that the government should accept the principle I am trying to put forward here, namely, that when the government decides under this legislation that livestock must be destroyed in the public interest and in the interest of the livestock industry compensation should be paid on the sale value prior to the animals being condemned. While I am not able to move an amendment under the rules of the house, I want to suggest to the parliamentary assistant and the minister that in order to make the legislation fair for all livestock producers there should be an amendment to the bill. A period should be placed in the twelfth line of clause 1 after the word "act", and all the words thereafter from line 13 to line 22 should be deleted. There would also be quotation marks after the word "act". The implications of such an amendment would be that all producers of livestock who had animals condemned under the legislation would be eligible for compensation on the market or sale value at the time the animals were ordered to be destroyed.

I think that is pretty well all I want to say, but may I emphasize my point that breeders of purebred livestock have every reason to expect justice and equality from the government in the administration of the act. I suggest first that the inclusion of the words "or sale", so that it would read "market or sale value", would clarify the meaning, and then I have also suggested the deletion of all the words I have indicated. I think I should read the new subsection to the house as it would then be.

Mr. Speaker: Order. I have allowed the hon. member to indicate the amendment that he contemplates moving in committee, but since he must not refer to the sections when discussing the principle of the bill I would ask him to wait until the house resolves itself into committee at which time he can move his amendment and read the section if he wishes, but not now.

Mr. McCullough (Moose Mountain): Thank you, Mr. Speaker. I shall have a number of questions to ask when we are in committee, but I think that is all I have to say at this time.

Mr. Robert Fair (Battle River-Camrose): Mr. Speaker, to some extent I am at a loss to add anything to what I had to say at the resolution stage. At that time we did not have the Minister of Agriculture (Mr. Gardiner) here. We did have his parliamentary assistant but we were not able to get from him the definition of "market value" that we wanted. On that occasion the discussion seemed to run along exactly the same lines that it is running tonight. At that time I made a plea, as did the other hon. members who have preceded me, to have compensation for purebred animals paid on the basis of their actual market value, and when I say "actual market value" I do not mean the value that would be paid for them at the slaughterhouse.

Purebred animals have cost the farmers of this country a lot of money. The federal and provincial departments of agriculture have been advocating the improvement of livestock, but you cannot have that without breeding and importing purebred livestock. For that reason I believe that those who have gone to a lot of trouble and expense in building up their herds should not have to pay the penalty of selling their good purebred livestock at the same price at which scrub livestock are sold at the slaughterhouse. Until we can get some further explanation from the parliamentary assistant or the minister—they are both quite qualified to give it—I do not think I have very much more to say. In the interests of maintaining and further improving the quality of our livestock I think this legislation should go further than it does. I believe that a proper definition of "market value" would do away with some of the handicaps under which we are working at the present time. I hope the minister will give us a satisfactory explanation before the bill receives second reading.

Mr. L. E. Cardiff (Huron): Mr. Speaker, I think this bill should be sent to the standing committee on agriculture for discussion. In my opinion there is discrimination in it against cattle breeders. If you are going to give compensation to one you should give it to all. I would suggest and move that the bill be sent to the standing committee on agriculture.

Mr. Speaker: I presume that the hon. member is merely making a suggestion and not moving that the bill be now referred to the committee because a bill cannot be committed until it has received second reading.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Amount of compensation.*

Mr. McCullough (Moose Mountain): I wonder if the minister would now define for the committee what is meant by "market value"?

Mr. McCubbin: Market value is the sale value at the time the animal is destroyed. If a hog were worth so much at that time, that is the value that will be paid for it.

Mr. McCullough (Moose Mountain): I should like to ask the parliamentary assistant if he would be prepared to take the suggestion that the words "market value or sale value" be included in the bill?

Mr. McCubbin: I do not see that there is any need to put in market or sale value. It is the market value at the time of slaughter. It is well understood by the committee, I believe, and I think it will certainly be understood when the payments are made for the hogs or sheep.

Mr. Charlton: Would market or replacement value be acceptable? The replacement value of an animal might be more than the sale value. It is going to be difficult enough for an inspector to arrive at a price just on the market value, but perhaps if it were defined in a slightly more practical way by saying market or replacement value it might be a little more definite. The other night the parliamentary assistant thought it was the slaughter market value only. In the bill it is definitely the market value, and I think the definition is correct when the parliamentary assistant says it is the sale value or value of the animal before slaughter. At any rate, it is not the slaughter value.

Mr. McCubbin: There is no difference of opinion between the hon. member for Brant-Haldimand and me. A hog that goes to market has a slaughter value. If it were a little pig, then a little pig has no slaughter value of any kind. However, it has a value to the farmer, and it is that value that is placed upon it. The same is true of a sow. There might be a sale in the district and sows would be selling in the neighbourhood of $100 or, as the hon. member says, $190. That is the value that would be placed on a sow of the same calibre.

Mr. McCullough (Moose Mountain): I think the minister could save a lot of arguing as to what market value means if he could just accept my suggestion. One hon. member has just spoken in favour of replacement value, but replacement value could mean a lot of things and start a lot of argument. I think that if you had market or sale value in the bill a man would know what he had paid for a purebred bull or any other animal, and on that basis there could be a fair and just settlement.

As the bill stands, it is up to the minister or someone appointed by him to make a decision as to what the market value is. I, for one, would feel more at ease and think we had a better basis for giving satisfactory compensation to the producer if we had market or sale value rather than just market value in the bill.

Mr. Fair: Are we to understand that there will be no extra compensation paid on purebred sheep or swine, but that they will be paid for on the basis of slaughter or sale value? Would that be correct?

Mr. McCubbin: No; it would depend on what the market value would be for comparable purebred sows or boars at that time.

Mr. McCullough (Moose Mountain): The Animal Contagious Diseases Act relates also to infectious diseases. There is a definition in the act which includes certain infectious diseases. In the west today we have deer, and because they are cloven-footed animals they may be carriers of diseases which could be transmitted to our domesticated animals. I was wondering if this amendment covered other infectious diseases than those outlined in the act.

Mr. McCubbin: Just those diseases that are outlined in the act. Perhaps new diseases will occur, but there are diseases to which our animals are subject. I think the hon. member realizes full well what they are.

Mr. Harkness: I am by no means clear as to just what this market value is going to be, as a result of the statement made by the parliamentary assistant. We will take the case of a man who has just bought a purebred Hereford bull for $5,000. We will say that a month afterwards it takes infectious haematitis and is condemned to be killed. As I read this, the farmer would receive the market value of the carcass plus $100. Is that correct? If it is not correct, would he receive the $5,000?

Mr. McCubbin: We may be talking at cross purposes in respect to this provision. So far as t.b. is concerned, the farmer would receive $100 plus the slaughter value of the animal at that time.

Mr. Harkness: That was not the question I asked you. I said that if this particular bull were to take infectious haematitis, as I read this act the farmer would only receive $100 plus the slaughter value, or the value of the carcass, or what the value of the carcass would be if it could be sold. Is that correct or is it not? If it is not correct, what would the farmer receive?

Mr. McCubbin: It is rather difficult to say what he would receive. The matter is left to the discretion of the minister or anyone he may appoint to value the animal at the time.

Mr. Harkness: Under what act is it left to the discretion of the minister? This bill says the compensation which shall be paid for an animal slaughtered shall be the market value

of the animal in the opinion of the minister or some person appointed by him. That is the value it would have immediately before slaughtering. Then it goes on to say, except that the compensation shall not exceed, in the case of cattle, $100 for purebred animals. If the sale of the carcass is unlawful there will be an additional amount for purebred and grade animals equal to the value the carcass would have if the sale were lawful. It seems to me that is definite. In the case of the $5,000 bull which I mentioned that has been condemned for any of these diseases, and I took infectious haematitis as an example, under this act the amount that could be paid is the value of the carcass plus $100. If the farmer could get any more, under what authority is he paid it?

Mr. McCubbin: Under the act as it reads, the amount that he could be paid is left to the discretion of the minister or anyone appointed by him. If there were some outbreak that was going to be dangerous or harmful to the industry, special legislation might be put through to take care of it.

Mr. Harkness: I think the question is being evaded. I have asked a very definite question. Under what authority would the owner of this particular bull we are taking as an example be paid more than the value of the carcass plus $100? The parliamentary assistant says that that would depend upon a lot of circumstances. It also must depend upon some parliamentary authority. So far as I have understood our parliamentary system, money cannot be paid out unless authority is given by parliament for doing so. Certainly, as I read the act, there is no authority for paying out more than the value of the carcass, plus $100. If there is authority to pay out more than that, where is it? That is my question.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Chairman, the parliamentary assistant has been giving the proper answers to the questions that have been asked. The discussions which took place in connection with the act itself were not heard by him, and, in view of the fact that I did hear those discussions, perhaps I should say something about it.

I have voiced opinions that have been expressed here with regard to some of these matters, when the question of drafting the act was up. And what I am told is—and this is on the authority of our best legal advisers—that "market", as used in this particular legislation, is not confined to the markets in a stockyard or a packing house. The word is not used in that sense at all, nor would it be interpreted in that sense. It is the market on which these animals are usually sold.

The hon. member for Moose Mountain as well as the hon. member for Battle River-Camrose defined it as clearly as it could be defined, when they said what they thought ought to be in the bill. They defined it very clearly. And that is what the word "market" in this bill actually does mean.

Let me state a case as an illustration. Where registered stock is slaughtered payment should be made on the basis of the last sale of registered hogs and sheep that have been sold in that district. Those are the market prices of that particular kind of animal. That type of animal is not put on the market to be slaughtered; it is put on the market for breeding purposes. And those amounts would be paid under this bill, so far as hogs and sheep are concerned. Payments would be made under this bill on that basis.

Then my hon. friends say: what about cattle? Well, we have a record, in connection with cattle, of the diseases they are likely to take. Hog cholera is pretty prevalent on this continent, and has been coming into Canada periodically over a long number of years. We have set up a method of dealing with hog cholera which has been very much less helpful to the producer of livestock than what is provided in this bill, so far as hogs and sheep are concerned.

But when it came to the matter of having to deal with foot-and-mouth disease, which came to Saskatchewan in 1952, and which we had never before had in Canada, we immediately established a policy, so far as the government was concerned, of taking hold of that situation through special legislation, and making it possible to make payments in connection with cattle, and hogs as well, that could not be made under this bill. We made much more liberal payments than could be made under this bill; and the policy of the government in connection with that kind of thing is to deal with such situations under special legislation that would be brought down to meet the circumstances—we not knowing at the present time what those circumstances might be.

Coming back to cattle, as dealt with in this bill, the disease that is in the mind of those who have been drafting the bill is the one upon which by far the greater number of payments have been made, in connection with the slaughtering of animals—and not only the greater number of payments, but greater amounts in payments to farmers which might be claimed by them.

In view of the experience we have had, we think that we should go on dealing with t.b. and similar diseases on the same basis as we always have, with this exception, that two years ago, I believe it was, we amended the legislation in order to make it possible to

have higher payments than those for which provision had been made, in cases where the animal's carcass is entirely destroyed.

Up to that time we just paid on a carcass the amounts mentioned in the bill, whether the carcass was entirely destroyed, or taken to market and a fairly high price received for it. For example, dealing with a case such as has just been referred to, at a time when prices of animals were very much lower, one could buy a registered bull for possibly $125 or $150. I bought one for that myself. I had to have him slaughtered because he reacted for t.b. I took him to market and got $105 for him. In addition to that I could have collected the allowance. Because I was a minister in the government I did not think I should, and so I did not collect that amount. But anyone could have collected it; I could have collected it—the additional amount provided for here. That is another $100 on top of the $105, which would have been a reasonable return for that animal. Perhaps under the circumstances that then prevailed, it was a little more than reasonable.

So I suggest that we are proposing here to go ahead on the same basis in connection with diseases of that kind. But in this case, where cholera comes along quite regularly into this country, and does take livestock from our farms, we should be in a position to make higher payments on those hogs and sheep than we have been able to do in the past.

Mr. Harkness: I must say I am glad to hear the minister in such good voice. I agree with a considerable amount of what he said. But he still has not answered the question I asked at the beginning. Perhaps I might now put it a little differently.

As I understand this legislation—if I may take an example which I believe is comparable to the one he mentioned—a man goes out and buys an extremely good Yorkshire boar and pays $1,000 for it. This boar develops hog cholera a month later. As I understand the bill it will be possible to pay that man $1,000 for that boar? Is that correct? And if the market value as mentioned in the first part of clause 1 is taken, he would be paid that $1,000.

But, to take the example I took previously, of the man who has paid $5,000 for a Hereford bull, and it dies a month later from any of these diseases: the most he can collect, as I read the bill, is still the market value of the carcass—which, we will say, is $150—plus $100, making $250 altogether. That is all he can collect, although he has had a more valuable animal than the boar.

It does not seem to me that that is reasonable. The minister says, "We will meet any of these special circumstances by legislation." As a matter of fact something along these lines can develop when parliament is not in session, when special legislation cannot be passed. What reason is there for not placing those animals on all fours, so far as payments are concerned, cattle, swine, sheep and horses.

I would say at this point that I think the owners most discriminated against are the owners of purebred horses; because, so far as purebred horses are concerned, the maximum that can be paid is $200 for a purebred animal. A purebred horse of any sort of breed at the present time is worth considerably more than that. They are probably discriminated against to a greater extent than the owners of any other sort of animal.

To keep on the subject of cattle, the minister has not yet answered the question with respect to the suggestion put forward by the parliamentary assistant that the owner of this $5,000 bull could be compensated more than the value of the carcass, plus $100 except by special legislation. Is that not the situation? Perhaps I can get an answer to the two or three questions I have asked.

Mr. Gardiner: In view of the fact that the hon. member addressed his questions to me in the beginning, and as a result of what I have just said, I would point out that when a breeder buys an animal at a very high price he is not always paying for the animal. There are times when he is paying for good advertising. I have been at sales where animals were being sold and when the price that was paid for the animal was very much higher than would have been paid by the man who bought it had he just been thinking about the animal himself. I would not like to say on the floor of the house that if a case of this kind came up before me as minister I would declare that no matter what the gentleman paid for the animal that he had we would be committed under this bill to pay him that much for it. We would pay him of course what he probably would have been prepared to sell the animal for himself after he had used him for a short time. Many things have to be taken into consideration besides just the fact that he paid that much for the animal, and all those things would be taken into consideration.

Mr. Harkness: That is entirely on the question of market value, which the parliamentary assistant said a little while ago was absolutely clear and understood by everybody. As I understand the minister's remarks, the market value is anything but clear. The market value essentially comes down to what the minister, or the person whom he appoints

for the purpose, thinks is the value of that animal. In other words, it puts the thing on an entirely arbitrary basis. If it happened to be one of my boars which had been condemned and was killed I would think perhaps the minister might not think it was nearly as valuable as if it were a boar belonging to his parliamentary assistant, for example. I would think that is a highly probable thing and I doubt very much whether it is a reasonable basis on which to leave the matter. If we are going to say "market value", then the term should be defined; otherwise it should be on the basis in any event of the most recent sale of that animal or a similar animal. If that is not done, I would say it is entirely an arbitrary matter in the opinion of the minister.

Mr. Gardiner: May I say that it is the general practice of people who are in the class just referred to by the hon. member who buy $5,000 bulls to insure the bull for the full amount long before they take him home, and there is not so much risk in connection with that. All the facts in connection with it would have to be considered when we are determining how much money we are going to take out of the treasury of Canada, paid in by the taxpayers, and pay to the individual on account of what happened.

Mr. Hodgson: There should be some uniformity with respect to the price of these purebred animals. Although there are not many bulls bought at $5,000, or worth $5,000, I remember 18 years ago the minister of agriculture in Ontario, Duncan Marshall, went to Europe and bought a bull for $14,000. If that bull was worth $14,000 18 years ago, with the depreciated dollar it would be worth somewhere around $30,000 today. Some figure should be set or the sky would be the limit.

Mr. McCullough (Moose Mountain): We have come all the way from the high-priced $5,000 bull suggested by the hon. member down to the kind that the Minister of Agriculture purchases, apparently, for $150. We are debating a bill here which deals with four types of livestock, namely, horses, cattle, sheep and swine. I say that there is no equity in the suggestion put forward. All these producers should be compensated on a fair and equitable basis.

The explanatory note says:

> The purpose of the amendment is to remove the limits on the compensation payable in respect of swine and sheep, and to provide for payment of compensation on the basis of market value.

We have had two explanations of what constitutes market value. As far as I am concerned, neither the explanation of the parliamentary assistant nor that of the minister is satisfactory. They must be confused in their own minds because they have given conflicting answers to our questions as to what does constitute market value. The minister points out that when a person goes out to purchase an animal he may be paying for a lot of publicity rather than for line breeding or for the quality of the purebred animal. That statement is hardly justified, because when livestock producers go out to buy such an animal to head their herd they are going to purchase the type of animal that they want in their line breeding, and they will pay a big figure for it. Therefore on that basis, as I said earlier in the resolution stage of the bill, it is in the interests of the Canadian people, the consumer and the producer of livestock, that compensation be paid on the sale value, which would be just and equitable.

I would suggest an amendment to the bill, and I would ask the minister and the parliamentary assistant to consider it on the basis of justice. To make this more equitable to all livestock producers, I would suggest that after the word "act" there should be a period, and all the words from line 12 to line 21 should be deleted. The bill would then read:

> The compensation ordered to be paid under this section for an animal slaughtered under the provisions of this act shall be the market value that the animal, in the opinion of the minister or some person appointed by him, would have had immediately before slaughter if it had not been subject to slaughter under the provisions of this act.

I want to make reference to the statement which the minister just made. He said that in the case of hog cholera the department now has the right to compensate producers, who unfortunately have to slaughter their swine under this act. If the bill is left as proposed, the swine producer and the sheep producer might be compensated fairly and equitably for the slaughter of their animals. But if you leave out the cattle producers and put them under special legislation, as I see it, you are going to have this situation. If you do not have an outbreak of foot-and-mouth disease, as we had a while ago, you will have isolated cases where cattle will have to be slaughtered and special legislation will not be set up and each producer of livestock will have to stand his loss or take what is now provided, a small additional amount for the purebred animal.

I suggest that the minister give further consideration to the suggestion I have made. Can the minister or his parliamentary assistant state how much has been paid under this act since 1945?

Mr. McCubbin: I have not the figures going back that far, but from April 1, 1953, to February 5, 1954, a total of 3,075 hogs were slaughtered.

Mr. Cardiff: After listening to the arguments pro and con, I still think that this bill should have been sent to the agriculture committee. A year or so ago I asked why the agriculture committee of this house did not meet more often and I was told it was because nothing was sent to it. This is an important piece of legislation that should have been sent to that committee where it could have been threshed out better than in the committee of the whole, because many members are not here tonight. Even yet I think the minister should send it to the agriculture committee.

Mr. Charlton: The parliamentary assistant specifically mentioned t.b. In my previous remarks I stated that I did not see why special consideration should be given in the case of foot-and-mouth disease as compared with hog cholera, or foot-and-mouth disease as compared with t.b. The parliamentary assistant seems to have the idea that just because it is t.b. the farmers should get less. I would point out to the minister that when the increase was brought about it was actually a decrease. Previous to that time the compensation paid for purebred cattle was $150 instead of $100. You lowered the compensation from $150 to $100 and you paid the carcass value. Actually there was not much of a difference there; there was no appreciable difference in the amount paid when the carcass value was added even although it went to the tank.

This question of market value is not at all clear. As the hon. member for Calgary North has pointed out, the parliamentary assistant and the minister have each given a different interpretation of market value. If it is to be left entirely with the minister or his inspector, as I pointed out in my previous remarks, the inspector will be placed in an unenviable position when there is no restriction as to the amount to be paid.

I come back to the old story: if it is fair for one it is fair for the other. Whether it be hog cholera, whether it be t.b., whether it be foot-and-mouth disease, when cattle or sheep or swine have to be slaughtered there should be no difference. Hog cholera is just as serious to the swine breeder as foot-and-mouth disease was to the cattle or swine breeders of Saskatchewan. Just because we are one of the few countries in the world which slaughter for hog cholera is no reason to blame it on the farmers of this country.

A week ago Tuesday night, the parliamentary assistant stated that we were the only country. He told us that the United States did not pay anything. Of course the United States do not pay anything because they do not slaughter. They live with the disease. They have hog cholera there all the time. But this government demands the slaughter of any hog affected with cholera and it should be willing to pay. It is for the good of the country that the hogs are being slaughtered.

The same is true in the case of t.b. in cattle. The cattle are slaughtered for the good of the health of the country. If you are going to pay the market value for sheep and swine it would be just as fair to pay the cattle breeders and the horse breeders the market value for their animals. Could the parliamentary assistant or the minister give any other definition of market value in order to make it more clear?

Mr. McCullough (Moose Mountain): Mr. Chairman, our discussion so far has been very unsatisfactory. The explanation given by the minister and his parliamentary assistant is no answer to my suggestion that the bill should be amended. Can the minister state whether any farm organization made representations to the government suggesting that cattle should be put on the same basis as sheep and swine?

Mr. McCubbin: I do not want to go into a long discussion of the slaughter of cattle for t.b., as I do not think it is necessary. It is a long story, but it is worth telling. The eradication of t.b. has certainly helped the livestock industry of this country because we are now able to ship cattle all over the world. After the amendment was brought in in respect to t.b. in cattle we paid $40 for grade animals and $100 for purebred animals, plus the carcass value. I discussed the matter with farm organizations and we came to an agreement on this.

Before this bill was brought in, discussions took place with respect to it and they were satisfied with the amount that is provided. As the hon. member for Brant-Haldimand has said, we are one of the few countries—if not the only country—that pay for hogs that go down for hog cholera. Where hog cholera is discovered in a herd all the swine are destroyed. However, in the case of t.b., there may be only one or two cattle in a herd of 50 that have to go down.

The amount we pay is the amount that was asked by the farm organizations. We are one of the countries that are to the fore in this connection. I would like to go

further and tell the committee that the United States has now stopped paying for t.b. reactors. They also do not pay for hogs affected with hog cholera. They live with the disease. But we in Canada are paying the amounts mentioned and I feel that all in all this government and the department are being fair to the livestock industry of Canada.

Mr. Charlton: What farm organizations were approached with regard to this matter?

Mr. McCubbin: An organization that my hon. friend knows quite well, the federation of agriculture.

Mr. McCullough (Moose Mountain): Will the provisions of this bill be made retroactive?

Mr. McCubbin: Until May 1, 1953.

Clause agreed to.

On clause 2—*Operation.*

Mr. Charlton: This is the clause containing the retroactive provision. I think the parliamentary assistant made some mention of the fact that as the statutes are being revised as of September, 1953, that date is mentioned here. Is that true? Would he explain that again?

Mr. McCubbin: The act was to have come into force on September 15, 1953, but owing to an outbreak of hog cholera in the province of Ontario prior to that date we moved it back to May 1 so that it would take in those people who had their hogs destroyed by hog cholera in that period from May 1 to September 15 of 1953.

Mr. Charlton: A week ago Tuesday night when the resolution was up for consideration I asked the parliamentary assistant another question. It was with regard to animals, in the case that the animals died prior to the official diagnosis of the disease. Are those animals going to be paid for?

Mr. McCubbin: That question was asked of me the other night and my answer was no. But if the hon. member has a case that he feels we should investigate, we shall be glad to investigate it.

Mr. Lennard: There is nothing definite about that.

Mr. Charlton: That is very indefinite. In the case of foot-and-mouth disease, for instance, the animal does not die and in the case of tuberculosis, the animal does not die, but in the case of hog cholera the pig is dead before the veterinary gets there to tell the farmer what it is. Just because the pig dies is no reason for the farmer not to get compensation if it is proven that the pig had hog cholera. I think it is only fair that he should get it.

Mr. McCubbin: I can only repeat what I said before. If there is some definite case to which the hon. member can refer, we will certainly investigate that case.

Mr. Lennard: What will you do about it after you investigate it?

Mr. Charlton: Has the minister or the parliamentary assistant any idea how many animals there were which came under this act, as far as hog cholera is concerned, in Ontario last year and how many sheep have been slaughtered in the past year or so under this act?

Mr. McCubbin: According to the record I have, Mr. Chairman, no sheep have been slaughtered under this act but—to repeat the figure I gave a little while ago—there have been 3,075 hogs slaughtered up to February 5 of this year.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Mr. Knowles: Next sitting.

Mr. Speaker: Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, if it met with the unanimous wish of the house, I might move the adjournment until tomorrow. Tomorrow we shall take third reading of those bills that are now ready, followed by the Salaries Act and then by the Criminal Code.

On motion of Mr. Harris the house adjourned at 9.35 p.m.

HOUSE OF COMMONS

Friday, February 19, 1954

The house met at 2.30 p.m.

PRIVILEGE

MR. MACINNIS—REFERENCE TO REPORTED REMARKS BY MEMBER FOR BROADVIEW

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to rise on a question of privilege based on a news item in yesterday's Ottawa *Journal*. The article is headed, "Hees Charges Deal to Kill Private Bill". Then follows the report of an address that the hon. member for Broadview made at London, Ontario. I should like to read the report and make my point of privilege. It reads in part as follows:

Last Wednesday in the House of Commons a private member's bill for setting up such a research committee was due to come up for debate. A day or so before a senior member of the government made a deal with the C.C.F. to debate the bill preceding the research bill to such length that the research bill could not be brought forward. Because that was the last day for private bills, the research bill was killed for this session and cannot be brought forward again until next year.

I rise on a question of privilege now because, although my name was not mentioned by the hon. member for Broadview, the private member's motion which was debated at that time stood in my name. Eleven members spoke on the motion of whom only three were members of the C.C.F. party. Their speeches occupy about six and a half pages of *Hansard*, not more than the space taken by one 40-minute speech, a rather poor effort for a party that had made a deal to talk out a motion.

May I say further that after the opening of the house on that day but before the debate began I spoke to the Secretary of State for External Affairs and told him that as far as I could ascertain there was no opposition to my motion and that if the house were agreeable I would be glad to withdraw it after there had been an expression of opinion by the several parties. I wish to say most emphatically that I did not enter into any deal to talk out the motion either with a senior or junior member of the government.

Mr. George H. Hees (Broadview): Mr. Speaker, I learned from sources usually unassailable that such an agreement had been made. If I am wrong, I withdraw the remarks and apologize for having made an incorrect statement.

(Translation):

MR. POULIOT—REFERENCE TO ARTICLE PUBLISHED IN "LE DEVOIR"

Mr. Jean-François Pouliot (Temiscouata): Mr. Speaker, I rise on a question of privilege. A friend of mine has brought to my attention an article published yesterday in a Montreal newspaper *Le Devoir*. The article is entitled:

Mr. Pouliot echoes the voice of his master Mr. Duplessis in attacking trade unionism.

In reply to that article written in bad faith, I wish to say that I have only one master, who is neither in Ottawa nor in Quebec, that it is the electorate of the constituency of Temiscouata; my chief is the leader of the Liberal party, the right hon. the Prime Minister of Canada (Mr. St. Laurent), who is at present replaced by the Acting Prime Minister (Mr. Howe), but I am perfectly entitled to have friends to whom I am faithful. I have never struck them in the back.

As far as Mr. Duplessis is concerned, he is one of my friends, we are of the same age, we were admitted together to the bar, and I am not ashamed of this friendship, no more than I am ashamed of having friends among all political parties.

As to my so-called attack, I did not attack trade unionism, I condemned the labour leaders; but there certainly was bad faith on the part of the parliamentary correspondent, because, the previous day, I had made in this house a double correction, and he had no excuse for not knowing it.

The article ends thus:

In Quebec parliamentary circles, they know very well what to think about it. They know that Mr. Jean-François Pouliot is Premier Duplessis' spokesman in the House of Commons . . .

Which is absolutely false, because I am here only as spokesman for my electors, who have honoured me with their faithful support during 30 years.

. . . when he wants things said that neither Conservative nor independent members from the province would want to say.

That is another ignominious lie.

It is a well known fact that he was instrumental in bringing about the victory of the Union Nationale candidates in Riviere du Loup and Temiscouata at the last provincial election . . .

That is absolutely false since I took no part in that election.

. . . and that, should the need have arisen, he could have counted on the support of the Union Nationale to ensure his own re-election.

Intelligent people, Liberals as well as supporters of the Union Nationale, did me the honour of voting for me.

In all fairness to Mr. Pouliot, it must be added that in the circumstances he did not have to go against his feelings in echoing Mr. Duplessis' opinions, which he shares altogether.

The answer to that is that I am surprised that the press gallery still retains a correspondent who is a dishonest mercenary, a man who, to his own misfortune, has learned to read and write. Otherwise he would have known the joy of living . . .

Mr. Speaker: I regret to have to interrupt the hon. member. He is of course entitled to correct the way in which his remarks may have been interpreted and such comments as may have been made on the subject. He must not, however, go beyond the necessary correction. Right now I feel that he is launching upon a personal attack on someone who happens to be a full member of the press gallery who is not here to defend himself. I believe that the hon. member must limit his remarks to making the necessary correction.

Mr. Pouliot: I will paint his picture Monday, Mr. Speaker.

(Text):

MR. NICKLE—EXPLANATION OF REMARKS MADE IN DEBATE ON FEBRUARY 18

Mr. Carl O. Nickle (Calgary South): I rise on a question of privilege, to make an explanation in order that a capable and respected member of the press gallery, Mr. James R. Nelson, may not be unfairly criticized because of my references in this house yesterday to an article written by him and appearing in the Calgary *Albertan* of Wednesday, February 17. I have now learned that this article, built around an interview with the hon. member for Bonaventure (Mr. Arsenault), was written by Mr. Nelson last January 27, and was transmitted to various newspapers, including the Calgary *Albertan,* by teletype on that date. I have no firsthand information, of course, as to why the Calgary paper deferred publication until February 17, by which date the opinions and perhaps the personal hopes expressed to Mr. Nelson by the hon. member for Bonaventure, and accurately set out in Mr. Nelson's article, had been completely outdated by new developments in this house. I submit, sir, that no blame can be attached to the author of the article because of this.

[Mr. Pouliot.]

CRIMINAL CODE

INQUIRY AS TO PROHIBITION OF THE SALE OF INFANTS OR CHILDREN

Hon. Stuart S. Garson (Minister of Justice): Yesterday, Mr. Speaker, the hon. member for Ottawa East (Mr. Richard) asked me a question to which I replied as follows:

Replying to the hon. member's question I would say that the present Bill No. 7, which is now before the house, does not specifically make it a crime to sell infants or children.

Later the hon. member for Rosetown-Biggar (Mr. Coldwell) made what I thought was a very good suggestion, that perhaps this rather bald reply should be amplified for the purpose of being read outside of Canada. I would, therefore, like to amplify it.

Under Bill No. 7, an act respecting the criminal law, which is now under consideration by this house, all common law offences will be abolished. Under Canada's present Criminal Code, however, Canadian crown prosecutors may lay charges for offences which are defined by the code and may also prosecute offences under the common law and statute law of Great Britain, which laws were in effect in the British North American colonies at the time of confederation and were continued in effect in the new Dominion of Canada by the British North America Act.

Since the sale of babies is not defined as a crime in the present Canadian Criminal Code, naturally the answer to the question as to whether that sale is an offence under the present Canadian law may be sought in an examination of the British common and statute law still in effect in Canada. There might be, although I am not suggesting there is, an old anti-slavery statute which prohibited the sale of human beings into slavery and which prohibited the sale and traffic in human slaves. The hon. member for Ottawa East, with whom I have spoken since, tells me that this is not the crime he had in mind yesterday when he asked me this question. He is concerned not with the sale of human beings into slavery but the traffic in unlawful adoption of babies born in Canada and the taking unlawfully of such babies to other countries for adoption there.

This being so, there is not any purpose in our legal staff making any minute examination, and it would have to be minute, of the common law of England for the purpose of seeking an answer to my hon. friend's question. As is well known, there has never been the slightest trace of human slavery practised in Canada at any time since long before confederation. Hon. members need not

be reminded of that, but it may be, as the hon. member for Rosetown-Biggar suggested, that people from other countries do need to be reminded of it. In any case, the law relating to the lawful or unlawful adoption of babies which contains, or should contain, the answer to my hon. friend's question, is available in modern Canadian statutes. The laws relating to the means whereby the natural parents of children may lawfully relinquish their parental rights and responsibilities in favour of new parents by adoption are set out in the adoption statutes passed by, and clearly within the powers of, the various provincial legislatures of Canada. Indeed, no subject matter of legislation enactment is more peculiarly within provincial jurisdiction than the relationship between parents and children.

Where steps taken by the natural parents or others for the relinquishment by the natural parents of their parental rights and responsibilities in favour of new parents by adoption are contrary to the relevant provincial adoption statutes, these steps may constitute an offence under these provincial statutes and may make the purported adoption itself invalid. It would seem that the law relating to adoption should remain within provincial jurisdiction and should not be overridden in any way by federal legislation defining, as a crime, actions now unlawful under, or offences created by, provincial adoption statutes, unless it can be shown that abuses under the provincial laws have arisen which cannot be cured by amendments to the relevant provincial statutes, and these abuses are so great as to warrant the passage by the federal parliament of a criminal law dealing with this subject.

The most careful consideration, therefore, would have to be given to any proposal that the federal parliament should interfere with the operations of the provincial adoption statutes by defining as a crime those things which they prohibit or should prohibit. The criminal law, I suggest, is rather a blunt and harsh instrument with which to deal with the relationship between parents and children, which is now regulated by provincial statutes drafted in each province to meet what are considered by the legislatures of each province to be the needs of each province.

I may say, Mr. Speaker, that some time before this matter was raised in the house yesterday by the hon. member for Ottawa East we in the Department of Justice had been keeping the proceedings in Montreal under observation. Of course, while they are under consideration by the courts, it is improper for us to discuss them here except in the most general terms in which I am referring to them today. We can continue our discussion of the matter, I think, to much greater advantage after these court proceedings are completed, when it will not only be proper to discuss them but when we shall have all the facts and be able to clearly see the legislative problems for the provincial legislatures or for this parliament which those facts present.

Hon. George A. Drew (Leader of the Opposition): The Minister of Justice has gone to some length, Mr. Speaker, to explain why the impression that was conveyed yesterday is not consistent with the one he seeks to leave with us today. I am, however, under the impression that many members will still wonder what his opinion is today. The situation that was obviously behind the question that was asked is a simple one. Is it or is it not to be made a criminal offence to traffic in children or other human beings? That is the question, and the answer, in effect, still is that it is not the intention of the government to introduce into the Criminal Code any provision that would make this an offence.

Mr. Garson: Quite apart from the question of whether or not the hon. member is in order in making his present contribution to the debate, might I ask him to recall a statement which I made less than two minutes ago to the effect, not that we would refuse to consider the legislation which he says we are refusing to consider, but that we should delay consideration of it until we have before us those facts upon which we could base an intelligent consideration of it.

Mr. Speaker: I am rising at this moment to say that the question which was asked yesterday by the hon. member for Ottawa East, had it not been so short and had the Minister of Justice (Mr. Garson) not replied so quickly and had I thought more rapidly, would have been ruled out of order. It is not in order in this house to ask the Minister of Justice for legal opinions. Before the orders of the day are called we may ask questions for information on facts or policy. It looks as if the question now put by the hon. member for Ottawa East has caused the Minister of Justice, at the request of the hon. member for Rosetown-Biggar, to make a statement on the order for motions.

The statement has been made, and I do not think we ought to introduce a debate upon the matter or go beyond the statement. Hon. members must keep in mind that this afternoon we will be studying in committee sections of the Criminal Code. I would imagine

that if any amendments are to be introduced, and suggestions as to what should be included, that would be the proper time—but not now.

Mr. Drew: With deference, Mr. Speaker, I would point out that the Minister of Justice was as well aware as anyone in the house that the Criminal Code will be before the house. He has chosen this occasion to make a speech, and—

Some hon. Members: Order.

Mr. Drew: Mr. Speaker, may I—

Mr. Speaker: Perhaps if I might interrupt, the statement made by the Minister of Justice under the order for motions does not preclude discussion of the matter in committee of the whole, when the appropriate section is reached.

Mr. Drew: Mr. Speaker, I trust that you will—

Some hon. Members: Order.

Mr. Drew: And may I also express the hope that you will indicate that there is only one Speaker in the house, because, with all deference, I propose to permit neither the Minister of Finance nor the Minister of Justice to assume the responsibilities of the role of Speaker.

Mr. Abbott: Or the Leader of the Opposition.

Mr. Drew: And, Mr. Speaker, I would submit for your consideration the fact that—

Some hon. Members: Order.

Mr. Drew: Mr. Speaker, I am perfectly comfortable standing here,—

Mr. Abbott: You look wonderful, too.

Mr. Drew:—until you can hear what I have to say.

Mr. Claxton: Why shouldn't you?

An hon. Member: You are losing ground.

Mr. Drew: Mr. Speaker, I would point out that the Minister of Justice, following a practice that has been long established, has made a statement. There has been an understanding that where a statement has been made, it is appropriate to make comments upon that statement, not for the purpose of entering into any debate, but for the purpose of presenting at least a balanced position in regard to the statement which has been made.

Some hon. Members: Oh, oh.

Mr. Drew: And it was not in any way with the intention of entering into a debate, but rather of making certain brief observations which I believe should be made, and which I believe would be helpful in proceeding to consider the matter when it comes up. On those grounds I would ask your consent simply to make the observations that I had proposed to make.

Mr. Abbott: No.

Mr. Speaker: I took it that once the minister had spoken, the Leader of the Opposition had stood up and made his comment—

Mr. Drew: No.

Mr. Speaker:—when he said, "I take it that it is not the intention of the government to bring about the necessary legislation to prevent what has happened, in the matter of children." Perhaps he was not asking a question; perhaps it was just a form of speech, but when he resumed his seat at that time I thought he was through with his comments.

Mr. Drew: No.

Mr. Speaker: Then, if that is not so, I will listen to him.

Mr. Drew: Just so that the record may be clear, I was extending a courtesy to the Minister of Justice who had risen and asked to make a statement. It was for that reason; I had not even terminated the sentence I was speaking at the time. I had indicated that since this was the view I would point out that we are not dealing in this instance with a particular case in Montreal, so that there is no problem which arises as to the subject being sub judice. There is the simple problem before us as to whether there shall or shall not be provisions in the Criminal Code dealing with trafficking in children or in human beings.

Mr. Abbott: On a point of order, may I be informed, Mr. Speaker, under what article in Beauchesne we are proceeding with the present debate.

Mr. Fleming: The practice was set.

Mr. Claxton: No practice at all.

Mr. Drew: It is obvious that the interruptions did not permit me to conclude the sentence I had begun to make.

Mr. Speaker: Order. The Minister of Finance has raised a point of order. There is no section in Beauchesne to the effect that a debate at this moment is permitted. But it has been the practice—

Mr. Claxton: Of the Leader of the Opposition.

Mr. Speaker: —not for many years, but it is one that was initiated two or three years ago, by a ruling whereby, when a minister makes a statement, the leaders of the three opposition parties might be permitted to comment upon that statement.

As I explained the other day, when objection was taken to that procedure, I said that perhaps we might have to revise that ruling which was then made.

If hon. members do not go beyond what was contemplated at that time, and what was in the mind of Mr. Speaker Macdonald, that is to give an opportunity to make a few observations upon a statement being made by a minister, I think we might perhaps keep the present system. But if abuses take place, then it would not be proper for hon. members to follow this practice any longer.

I think that answers the point raised by the Minister of Finance.

Mr. Drew: Mr. Speaker, I simply wish to keep the record clear as to what is under consideration. There is no provision in Beauchesne in regard to the system being introduced by the ministers. We have indicated our desire that a measure of flexibility be retained. We have indicated our hope that ministers will have the opportunity to make statements, and we have pointed out that we are ready to accord that consent just so long as there is an opportunity to make observations in reply to them.

Our only alternative, if that were to be denied to us, would be to refuse consent to any of the ministers to make statements; and that would not be desirable. This is simply a question of bringing about greater flexibility in our proceedings in the house. And I had only expressed the hope that the Minister of Justice would reconsider the position he has taken, and remember that if extradition proceedings are to be taken there should be a provision in the Criminal Code dealing with trafficking in children or in human beings.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO FURTHER ACTION

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare. Has the minister received a report from Dr. Charron regarding his investigation of pollution of the water in the North Saskatchewan river? If so, would the minister indicate the nature of such report? Also, has the minister received a reply to the telegram he sent to Dr. Cross on Wednesday, and would he also indicate the nature of any reply which may have been received?

Inquiries of the Ministry

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, the house will recall that the hon. member for Rosthern (Mr. Tucker) asked me whether or not I had received a reply to the question my hon. friend now asks. I have had a reply from the minister of health which says that he is sending us a report with regard to past, future and present activities in connection with this matter, on the part of his government. And the minister of health in Saskatchewan telephoned this morning to say that he has just returned from Edmonton, where he conferred with the minister of health and our officials, and departmental officials of the government of Alberta, and is satisfied that everything is being done to meet the situation.

WHEAT

PRICE OF SUPPLIES MADE AVAILABLE TO MILLING COMPANIES

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to ask a question of the Minister of Trade and Commerce. Is wheat to be made available to any Canadian milling companies at the reduced lakehead price announced yesterday by the minister?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The price announced for wheat at the lakehead is available to any purchaser who buys wheat in store at the lakehead.

BUTTER

REDUCTION IN UNITED STATES PARITY PRICE—EFFECT ON CANADIAN PRICES

On the orders of the day:

Mr. R. E. Anderson (Norfolk): I should like to direct a question to the Minister of Agriculture. Recent press reports state that the support price of butter will be reduced eight cents a pound in the United States, effective April 1, 1954. Can the minister inform the house what effect, if any, this action will have on our own market?

Right Hon. J. G. Gardiner (Minister of Agriculture): I wish to thank the hon. member for giving me a copy of his question and to state that within the last few days we have been notified from Washington that the government has taken the position that in future on a number of articles, one of which is butter, they will reduce the support price from 95 per cent of parity to 75 per cent of parity. That will result in butter going down about eight cents a pound as compared with

the support that has been on it up to date. That reduction of eight cents will put it at 58 cents, which is the same support price we have in Canada. Then we must keep in mind the fact that there is a 12-cent duty on butter coming into Canada. We do not expect that the action of the United States will affect the position in Canada.

NATIONAL DEFENCE

INQUIRY AS TO CONSTRUCTION OF NEW DESTROYERS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of National Defence. I regret I have been unable to give him notice because I was unable to reach him. Perhaps he will take this question as notice. Is it a fact that construction has ceased on Canada's new destroyers? If so, when will work be resumed?

Hon. Brooke Claxton (Minister of National Defence): The answer to the first part of the question is no.

(Translation):

ACADIAN HISTORY

INQUIRY AS TO HISTORICAL RESEARCH ON ACADIA

On the orders of the day:

Mr. Bona Arsenault (Bonaventure): Mr. Speaker, would the Secretary of State (Mr. Pickersgill) be kind enough to tell us if the government has done anything to carry out the suggestion I made here in the past, that more importance be attributed by the national archives to the history of Acadia and to research in that field?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am pleased to inform my hon. friend from Bonaventure (Mr. Arsenault) that Mr. Roger Comeau, a doctor of history who has been, for many years, an employee of our national archives, has just been given a promotion following which his main duty will be to collect, classify and preserve the records and other documents pertaining to the history of Acadia.

(Text):

EXTERNAL AFFAIRS

INQUIRY AS TO VISIT OF QUEEN MOTHER TO CANADA

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Acting Prime Minister a question? In the light of the very welcome announcement he made the other day that an invitation had been extended to Elizabeth, the Queen Mother, to include Canada in her visit to North America, has the government had any reply to the invitation extended, and is there any likelihood that the Queen Mother will be accompanied by Princess Margaret?

Right Hon. C. D. Howe (Acting Prime Minister): I have heard indirectly—I have not been in communication with His Excellency the Governor General—that the Queen Mother has stated that she hopes to come to Canada. I have no information regarding the latter question.

LIVESTOCK

MARKETING—SUGGESTED INQUIRY INTO PRICE SPREAD

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture. Has the minister considered the request of the interprovincial farm union council that an immediate inquiry be made into livestock marketing and the spread between prices to the consumer and the prices received by the producer? Will the minister recommend that the standing committee on agriculture—

Mr. Speaker: Order. Can this question not be put on the order paper? It is a long one. I do not see what urgency there is about it. I think it should be on the order paper.

Mr. Coldwell: May I suggest that it is a matter of concern because of the spread between what the purchaser gets and the consumer pays. Then there is the request that the matter be referred to the committee on agriculture.

Mr. Howe (Port Arthur): You will get the answer on Monday.

Mr. Speaker: The question is in two parts. I submit that the second part could go on the order paper. If any comments could be made on the first part, all right; perhaps I should leave it to the minister. It seems to me that the second part definitely should go on the order paper.

Right Hon. J. G. Gardiner (Minister of Agriculture): The presentation of the farmers' union is one which results from their convention which was held some time ago. It deals with matters that are referred to both the federal government and the provincial governments. I think it will be agreed by all hon. members that in so far as the price charged for beef, let us say, in the province of Ontario or in the province of British Columbia or in any other province is concerned, it is a provincial matter; it is not a matter that is dealt with here.

Mr. Argue: Can the minister say whether the subject will be referred to the agriculture committee?

Mr. Howe (Port Arthur): That is a matter for the order paper.

Mr. Argue: There has been a tremendous drop in beef prices in recent days.

ST. LAWRENCE SEAWAY

ALLEGED PRIVATE AGREEMENT BETWEEN UNITED STATES AND CANADA

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Acting Prime Minister. Will he comment on the press report today that there was an undisclosed agreement not to press for the all-Canadian development of the seaway in consideration of the speedy advancement of the joint development of the hydroelectric power plants on the St. Lawrence?

Right Hon. C. D. Howe (Acting Prime Minister): I have not heard of the report referred to, but I can assure my hon. friend that there is no private agreement between Canada and the United States relating to the St. Lawrence project.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO POSSIBILITY OF INCREASES IN BENEFITS

Mrs. Ellen L. Fairclough (Hamilton West): May I direct a question to the Minister of Labour? Can the minister now give me a reply to the question I asked him yesterday with reference to alleged consideration by the department of proposals for an increase in unemployment insurance benefits? I might say that this was announced in the Hamilton *Spectator* as a distinct possibility, and that an announcement would be made any day.

Hon. Milton F. Gregg (Minister of Labour): I think my hon. friend's question to some extent revolves around the definition in this chamber of the expression "give consideration to". She asked me yesterday whether the government was giving consideration to a plan for increasing unemployment insurance benefits, and I said that I was not able to reply to that. In reply to her question today I would say to her that my department is constantly studying the benefits given under unemployment insurance, and of course now with particular reference to the present situation; but I have not made any representations to the cabinet so far regarding changing these benefits.

Mrs. Fairclough: May I ask a supplementary question? Will the minister say whether he expects to make a statement within a few days, since that was the inference in the news report.

Mr. Gregg: If any decision is reached on this matter I will most certainly convey it to the house.

MEMBERS OF PARLIAMENT

AMENDMENT TO PREVENT INCREASE IN MAXIMUM RETIRING ALLOWANCE

Right Hon. C. D. Howe (for the Prime Minister) moved the third reading of Bill No. 176, to amend the Members of Parliament Retiring Allowances Act.

He said: During the debate on second reading the hon. member for Calgary North (Mr. Harkness) asked for an explanation of clause 2. I gave an explanation which perhaps is appropriate to the bill, but it was not appropriate to the question asked. I have now been given a statement which will perhaps give him the information he was then seeking.

Section 2 of this amending act relates to section 8 of the present act and is concerned with elections to contribute for prior service. Under the present act the basis of contributions for prior service was 6 per cent of the sessional indemnity in respect of that session. This will still apply in the case of sessions prior to the commencement of the pension plan, and it could have been applied to the last session of the last parliament where the same basis of payment prevailed, but with the introduction of the new method of paying indemnities to members, we could not, of course, use the same wording.

If you take the case of a member who is now contributing and assume that he is defeated at the next election, he would, if he were not eligible for an annual allowance, receive a withdrawal allowance in respect of the contributions which he made during this parliament. If he is elected to a subsequent parliament after receiving his withdrawal allowance, all that he needs to do is to elect to repay his withdrawal allowance to get credit for all his service during the present session. The same would be the case if this member had been a member at the last session of the last parliament, had he on being re-elected, after receiving a withdrawal allowance, desired to count that service.

The only way in which a member would not be contributing at the present session would be if he had already contributed $4,000. In that case he would, on being defeated at

the next election, be entitled to an annual allowance, and if he should ever be re-elected again, the allowance would be suspended until he ceased to be a member again and therefore, he would have no problem of electing to pay for prior service.

Motion agreed to and bill read the third time and passed.

NORTHWEST ATLANTIC FISHERIES

MEASURE TO IMPLEMENT INTERNATIONAL CONVENTION

Hon. James Sinclair (Minister of Fisheries) moved the third reading of Bill No. 251, to implement the international convention for the northwest Atlantic fisheries.

Motion agreed to and bill read the third time and passed.

TELEGRAPHS ACT

APPLICATION OF PART III CONCERNING MARINE ELECTRIC TELEGRAPH COMPANIES

Hon. Stuart S. Garson (for the Minister of Transport) moved the third reading of Bill No. 30, to amend the Telegraphs Act.

Motion agreed to and bill read the third time and passed.

NATIONAL BATTLEFIELDS

QUEBEC—AMOUNT PAID TO COMMISSION INCREASED TO $125,000

Hon. Jean Lesage (Minister of Northern Affairs and National Resources) moved the third reading of Bill No. 167, to amend an act respecting the national battlefields at Quebec.

Motion agreed to and bill read the third time and passed.

ANIMAL CONTAGIOUS DISEASES ACT

CHANGE IN BASIS OF COMPENSATION IN RESPECT OF SWINE AND SHEEP

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the third reading of Bill No. 250, to amend the Animal Contagious Diseases Act.

Motion agreed to and bill read the third time and passed.

SALARIES ACT

AMENDMENT TO INCREASE SALARIES OF MINISTERS

The house resumed, from Tuesday, February 2, consideration of the motion of Mr. St. Laurent for the second reading of Bill No. 172, to amend the Salaries Act.

[Mr. Howe (Port Arthur).]

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, the effect of this bill will be to increase the salary of the Prime Minister (Mr. St. Laurent) by $10,000 to $25,000, and to increase the salaries of ministers of the crown by $5,000, that is from the present $10,000 per annum to $15,000 per annum.

I think that little needs to be said in justification of this bill. Perhaps the strongest argument is that the present salaries were fixed in 1920. Very few salaries fixed in 1920 are appropriate in this year of 1954. The salary of $10,000 paid to ministers in 1920 came to them almost tax free. Assuming that a minister is a married man with two dependent children, which may be flattering to some of my colleagues, his tax deduction today would be $3,700. So that actually his take-home pay, as it is called in labour circles, has been reduced considerably since 1920.

Perhaps I could give a short history of the salaries of cabinet ministers. The salary fixed at the time of confederation in 1868 was $5,000 for the prime minister and $5,000 for the other ministers. In 1873 the salary range was revised to $8,000 for the prime minister and $7,000 for the other ministers. The scale was revised again in 1905 when the salary of the prime minister was made $12,000 and the salaries of the other ministers, $7,000. In 1920 the present scale was fixed, as I have stated, at $15,000 for the Prime Minister and $10,000 for the other ministers.

A comparison of the salaries paid in other countries may be interesting. The President of the United States receives $100,000, plus a $50,000 taxable expense allowance, plus a non-taxable travelling allowance not exceeding $40,000. In the United Kingdom the Prime Minister receives ten thousand pounds—

Mr. Drew: That is £10,000.

Mr. Howe (Port Arthur): £10,000 I should say. The other ministers of the crown receive £5,000. The method of remuneration in Australia is somewhat different. There the Prime Minister receives £41,000 as a cabinet fund to cover the remuneration of himself and his colleagues. This is in addition to their parliamentary remuneration.

I might point out that the salaries and parliamentary indemnities of the Prime Minister and the cabinet ministers are taxable. Of the $25,000 which a cabinet minister would receive the taxes would amount to $7,625, so that the actual return is no more than the salary of a very junior executive in an ordinary business corporation.

I had occasion to look up the history of the $2,000 car allowance which cabinet ministers also receive. The details of this will be found in *Hansard* of August 1, 1931, at pages 4506 and 4507. Up to that time one of the perquisites of a cabinet minister was to have a car and chauffeur at his disposal. This was abolished in that year and when Mr. Bennett was introducing the legislation he stated that this represented a saving to the crown of $5,000 per month. He also expressed some views about the salaries of cabinet ministers which I shall not read, but they might make interesting reading for hon. members who may think that cabinet ministers are overpaid. That was certainly not his opinion when speaking in 1931. I do not know that I have anything further to say.

I believe we all agree that the chief executive of this country is not paid an amount comparable to what is paid to his opposite number either in the United States or in the United Kingdom. It is probably the position of the greatest responsibility among all positions of responsibility in this dominion of Canada.

Cabinet ministers also have a heavy responsibility and I suggest they work hard. I do not know of any class of executives who work longer hours or have greater responsibilities than the members of the government here in Canada. I believe the proposals contained in the bill are reasonable and I hope they will commend themselves to hon. members of this house.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, this bill is in fact closely related to the measure which has already been before the house, and the Prime Minister (Mr. St. Laurent) so indicated when he discussed both bills in his statement on the other measure with which we have already dealt.

Some time having elapsed, I should like briefly to place on record some of the statements made by the Prime Minister in relation to this subject so that it may be in context with the statement I wish to make.

On January 26, when the measure dealing with allowances to hon. members was before the house, the Prime Minister at the same time dealt with this measure in these words, as reported at page 1453 of *Hansard*:

> I turn now to the second proposal in the resolution which is that the salaries of ministers of the crown and of the Speakers and leaders in the houses of parliament should be increased. These salaries have not been altered since 1920. This fact, in itself, is perhaps all the argument needed to explain why an increase in salaries might be justified at this time. I do not think anyone would question the statement that ministers of the crown have full-time jobs of an exacting character, with heavy responsibilities. Under our constitutional system, the same is true of the position of the leader of the official opposition. I doubt if anyone who occupies one of these positions expects the remuneration to be comparable with the rewards open to persons of equal ability in private life, either in business or in the professions. I am sure no one expects, either, that the contrast will be too great.

I then pass on to a statement made later by the Prime Minister:

> This seems to be still a most modest amount compared with the salaries and earnings of most Canadians with senior executive positions in business or in the higher reaches of the professions. There is another reason, perhaps not an important one, but still one that is worthy of some consideration, for increasing the remuneration of ministers. In the nature of things a reasonable relationship must be maintained between the remuneration of ministers and the salaries of the senior public servants.

I do not believe, Mr. Speaker, there will be disagreement with what the Prime Minister said in the words I have quoted, or substantial disagreement with what the Acting Prime Minister (Mr. Howe) has said this afternoon.

The question, however, is one which raises another point. How are we to deal with matters of this kind? On other occasions changes of this nature have called for inquiry by a committee or by some other body which might examine the subject and make recommendations, after having considered the alternatives which present themselves.

The suggestion made by some hon. members, that this was handing over the responsibilities of parliament, is simply an evasion in terms of the normal practice, and would in fact apply with equal force to any other case where a matter is referred to a committee. We are constantly referring subjects of this kind to committees, to find out what alternative methods present themselves as an answer to the problem that undoubtedly is raised.

I believe there will be general agreement with what the Acting Prime Minister has said about the necessity for recognizing the responsibilities of the office of prime minister of Canada, and assuring that this office may be carried out efficiently, from the administrative and the parliamentary point of view, and also from the point of view of accepting those various social and other obligations that are an essential incidental requirement of the office itself. I might add that they have their important place in the fulfilment of the responsibilities of that office.

But, Mr. Speaker, the question which is before us here is one that does present alternatives. That is the thought I would like to leave most firmly in the minds of hon. members. There are alternative methods, and we should have had an opportunity

through a committee of inquiry to find out whether there may not be some alternative method which would be much better than the flat method now proposed.

It is true that ministers must devote their whole time to this task. It is true that ministers have heavy responsibilities, and that those responsibilities increase constantly. But how do we arrive at the figure which is before us now? We have no method of arriving at it beyond the fact that it has been placed before us in this statute.

The Acting Prime Minister has said that the salaries paid in other jurisdictions differ greatly. He pointed out that the President of the United States receives a salary and an expense allowance far beyond anything contemplated in this measure before us.

He also pointed out that in Britain there is a salary of £10,000 paid to the Prime Minister. That amount, in terms of the present value of the dollar, would be less than is now proposed by this measure.

Having said that, may I point out that there is, however, another consideration in Britain which should not be overlooked. The Prime Minister of Britain, when he ceases to be Prime Minister, retains his right to the same salary for the rest of his life. That amount, capitalized in terms of the immediate amount that would be paid at the time of the retirement of any Prime Minister, would be a very substantial sum. We therefore cannot say and could not suggest that, even though the amount paid to the Prime Minister of Great Britain in present dollar values of the pound is less than that proposed here, this measure, in fact, suggests a larger payment. It does not. The provision in regard to the continuing payments after the retirement of the Prime Minister of Great Britain is one of very considerable importance. It does, however, suggest that there are alternatives that should have been considered.

The Acting Prime Minister has also pointed out that in Australia there is a payment of £41,000 to what is known as a cabinet fund, which is then administered by the Prime Minister. That gives to the Prime Minister of Australia the right to make variable arrangements in regard to the remuneration to his ministers. There again you have another alternative.

I believe it would have been a very good thing if a committee or a commission had had an opportunity to examine these different methods, and several other methods that present themselves, and simply place before us an analysis of the comparative advantages of these systems and then let us decide, on the basis of the evidence produced, which method this house would prefer, and also what figures should be adopted having regard to the over-all plan employed.

If, for the sake of argument, it were decided that we should adopt a system similar to that which has been long in use in Great Britain, then it would seem that there should be a different amount. If the salary were going to continue, that would have to be taken into consideration, and there might be strong arguments for that. I believe that the same practice is followed in France. We have not examined this matter for some time. As the Acting Prime Minister and the Prime Minister (Mr. St. Laurent) have both pointed out, it has not been considered since 1920. Therefore it is highly desirable that the alternative methods employed in Great Britain, Australia, New Zealand and France, where there are a number of similarities which do not exist in the government of the United States, should have been examined, given consideration and placed before us for final decision.

One of the points made by the Prime Minister was that some regard should be had to the amount that men of similar capacity would receive in executive offices in private employment. I think there will be general agreement with that. I think it should be recognized that the government of the country is big business on a very large scale and that executive capacity should be attracted by what is paid. Nevertheless one thing that hardly needs to be emphasized is that executive salaries in private business or in the professions are not the same. You do not reward executive efficiency by one single fixed salary. On the contrary, you gear the salary of the executive to the responsibility of the office as well as to the capacity of the individual.

There is already in operation a system of different salary levels for cabinet ministers in the United Kingdom. In Australia ministers receive different amounts for offices that are regarded as having a different weight of responsibility. This is made possible by the single amount paid to the cabinet fund which is administered by the Prime Minister of Australia. I think this is something that could well be considered. We are not dealing now with the individuals who may be in office today. No one should suggest for a moment that any comment that is made is related to the individual occupying any particular office of government. We are dealing with the government as part of our parliamentary system and we are considering the remuneration to be paid to those who assume these administrative offices.

I think there would be general agreement that there are members of the present government who would earn substantially more in executive offices in private business or in an outside professional capacity. Undoubtedly there are members of the government who are making a personal sacrifice and will still make a personal sacrifice in dollars no matter what change is now proposed. But, Mr. Speaker, without in any way reflecting on any individual member of the government, I do not think there will be any suggestion by hon. members of the house that that applies to every member of the government. I am sure that the members of the government would not suggest that. There are members of the government whose executive capacity and experience are not comparable with that of some of the senior ministers, and that will always be the case.

We are not dealing with individuals but with a situation which must invariably arise in the formation and continuance of any government. Without the slightest reflection on any cabinet minister, I say that to set a flat rate of this kind would be establishing a system under which some highly experienced men would be receiving less than they would receive in an executive capacity in private business or in professional office, while others would be receiving far more than what they could reasonably expect to receive in any private occupation at this time. I think that suggests that there may be very good reason for considering the wisdom of adopting here the system that is already in force in Great Britain, the system that, under a different method, is made possible in Australia as well as in some other jurisdictions.

I believe that we should certainly seek to make sure that we can have in government office highly trained men to carry on the business of the country. I think that the remuneration should be such that the sacrifice will not be so great as to preclude the possibility of acceptance by those of considerable experience and executive capacity. However, in trying to arrive at an amount that would hold such men in the government at this time I do not think we should fix an amount which there certainly might be some reason to believe would be beyond what was necessary to retain some of the other members of the government.

That being so, I return to the proposition that I put forward on an earlier occasion, and I think it applies with even greater force to this measure than to the other one that was before us. In so far as the other measure was concerned, we did not have evidence available of a variety of alternatives such as we know exist in other jurisdictions with respect to the appointment of cabinet ministers. I believe this matter should have been referred to a select committee or a royal commission. Such a body could do nothing more than digest the facts and make a report to parliament. Then parliament would have to accept full responsibility. Because that is not done and because we are adopting this method without any opportunity to consider the alternatives, I propose to vote against the measure. Having regard to the desire to maintain the dignity and responsibility of the government, I feel very strongly that it would have been advisable to refer this matter to a committee or commission as I have suggested.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this matter is of some importance both to the house and the government and, indeed, to the country at large. I can see no force in the argument that we should refer a question of this description to a royal commission or committee. After all, we are in the position of being the representatives of the people of Canada, we are dealing with the compensation to be paid to our executive, and it strikes me that is our responsibility and that we must accept it fully.

Having said that, I want to say that we have considered the bill very carefully and think that the increase suggested is more than is warranted at this time. We are not overlooking the fact of course that the ministers will share in the increased indemnity and that the total increase to be granted at the present time raises the emoluments of office from $18,000 to $27,000, including the automobile allowance. I say that we have carefully considered the matter and, while most of us feel that some increase may be warranted, particularly with respect to the office of prime minister—and I have so stated on a number of occasions—nevertheless we feel that we cannot support the bill as it now stands. If the amounts were reduced, we would give consideration to the matter. As it now stands, speaking on behalf of my colleagues, we shall oppose the bill.

Mr. E. G. Hansell (Macleod): The leader of our party has been called to the banking and commerce committee, Mr. Speaker, otherwise he would have been here to make perhaps a more official observation than I am personally able to make. Perhaps he will be here before the bill passes second reading; I do not know. I wish to say that, personally, I do not think I have any particular objection to the bill. I base my observations on several grounds.

Before dealing with that, may I say that I know I cannot debate the bill which has already become law in respect to our own indemnities. At that time there was some criticism of us which came about in this fashion. It was said that we, as parliamentarians, raised our own salaries. The answer to that criticism, of course, is that we are the only ones who could do that. Nobody else could do it. Either we did it or we did not do it.

The bill before us is a little different because the members of the government cannot raise their own salaries unless they come to parliament with a bill. It then becomes the responsibility of the entire house to say whether or not Her Majesty's ministers can have an increase in their salaries. I am not seriously disturbed by the bill, because I do not think the salaries called for are out of line with salaries paid for men with similar responsibilities in private industry. I do not know that I should make a broad statement, but there are some members of the cabinet who are stronger than others; that is so wherever we go. No matter what line of work, profession or industry we consider, some men rise to the top and command perhaps a greater salary than others. In the case of the cabinet, each cabinet post pays the same amount, whether or not one minister is more capable than another. So far as I can see, I do not want to draw any distinction; most of those holding cabinet posts could undoubtedly command salaries much greater than they are now receiving if they were to move out and seek the dollar somewhere else.

I do not think there is any need to mention who they are. I cannot help thinking of the Minister of Justice (Mr. Garson) who is sitting there evidently signing his mail. There is no question in my mind that if he went into private practice he could command an exceedingly healthy income. I look at all these gentlemen on the front benches, and they look like wise individuals. I am quite certain they could all do the same thing. I do know that in some governments in this country they have difficulty holding men, because they become familiar with their posts over the years and are strong executives who could command a lot more in private industry than they are getting.

For these reasons, I do not think the government is unjustified in requesting that the salaries for these positions be brought in line with those paid for similar positions. I know the criticism might be made that in a service of this kind you must consider the sacrifice. That is all very well, but I think perhaps they have considered some sacrifice if they could make more on the outside than they are making here. I believe the people must recognize that a responsible position demands some equivalent income concessions. I think that is common sense.

I cannot ask the minister a question now such as I might ask if we were in committee, but I will ask this question in committee and the minister can answer it if he wishes. I do not believe there should be any reluctance on the part of the government to reveal other salaries that are paid to government officials outside the cabinet. When I say "government officials" I mean the officials of crown corporations and officials of various branches of government service who receive a fairly healthy income. I should like the minister to give to the house the salaries received by those who are employed in government service or crown corporations who receive remuneration in excess or the equivalent of the present cabinet salary. I believe the people are entitled to know; then the people can judge whether or not these salaries might be out of line with those of other responsible positions.

There is another observation I should make. Perhaps when these figures are revealed it might be said that Mr. so-and-so, the head of a crown corporation, receives so much in salary, and that is in excess of the salary of the minister under whom this corporation comes. If we ask why he receives that salary, the answer might be that this is a specialized thing and we have to have a man there who can handle the job. Well, that is all right. I may agree with that. But supposing he does not handle the job. Supposing that some way or another his work, or the crown company or the department, whatever it might be, is not successful? Supposing they fail in their obligation. Who is it that takes the rap? In the final analysis the responsibility is not there; it is that of the government. In the final analysis the government, or some minister in the government, must take the blame. So therefore I say once again my personal opinion is that if the bill is asking for salaries somewhere in line with those paid in other government positions, or positions of similar responsibility in private industry, then I see no particular reason why the bill should not pass.

Had the Leader of the Opposition (Mr. Drew) proposed a motion for a committee or commission, I do not know whether we would have voted for it or not. We do not become enthusiastic about commissions and committees, as a rule. But at least it would have been something to substitute for his bald statement that he is going to vote against

the measure. I do not think voting against the measure will be interpreted in the country as voting against it because a commission has not been set up; it will be interpreted as indicating that the official opposition is against these increases.

The leader of the C.C.F. group has said that he is voting against the measure because he thinks the amounts stated in it are too high. If that is the conviction held by the C.C.F. group, then of course it is a reasonable one.

Speaking some time ago, the Prime Minister (Mr. St. Laurent), making special reference to himself, said that these increases were not being asked particularly for the benefit of this cabinet, but rather for the positions represented in the cabinet, so that the benefit would accrue to incoming governments as well as to this one. I think that is a reasonable position, and that he was speaking reasonably when he said that he was not going to be here too long. He is getting on in years, and when he asks for the passage of this bill I am quite certain he is not asking that it be passed for his own benefit. I do not know what his financial status is, but I suppose he would be able to get along for the rest of his life with what he has at the present time.

So what he is asking for is something that will be permanent for the future, something that will be available to those persons who will step into the shoes of those who are now carrying the responsibility of government. I think that is reasonable. We have not discussed the amounts particularly, as to whether they are too high or too low. However, in my own personal view, I am not opposed to the bill.

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I do not want to indulge in anything in the nature of sentimental discussion. I do believe, however, that the introduction of this measure at this time—and I cannot refer to the other one because it has been passed by parliament—is inopportune and inappropriate, in view of conditions both national and international.

Legislation such as this, introduced so soon after a general election campaign in which, at no time, was there any suggestion of this type of legislation being introduced, endangers the institution of parliament, and places democracy in our country in a position where we, in parliament, may well be pricing regard for parliament out of the free market of public opinion.

Mention was made by the Leader of the Opposition (Mr. Drew) of the appropriateness of having matters such as this referred to a committee of the house. I think that view has been reinforced in recent days by similar action in the British parliament. There a committee on members' indemnities was set up, representative of all members who, having heard evidence and having considered the situation from every angle and facet, made certain recommendations. I feel that a similar course should have been followed in connection with this legislation. A committee would have reviewed the situation and would have given consideration to the appropriateness of increases being made applicable to all ministers in the cabinet. There are certain portfolios to which the remarks of the Minister of Trade and Commerce (Mr. Howe) are inappropriate. In Great Britain there is a realization that heavy responsibilities rest upon certain ministers, including the Prime Minister, and that equal responsibilities do not rest upon ministers in other portfolios. Furthermore, even though we favour one or more increases under this bill, we are placed in the position of having to vote for the entire bill. That anomaly would have been obviated by the simple expedient of a committee being set up to review the whole problem of indemnities.

I cannot rid myself of the thought that members of this House of Commons would not have given the same expeditious consideration to this legislation had it been introduced in March or April last, in advance of the general election. And I believe this, too, that when legislation such as this has not been considered in any way by the Canadian people, and adopted by them, and when they have not been given an opportunity to consider whether or not they would have supported it, it is a travesty of parliament to bring it in immediately after a general election.

This is the kind of thing that undermines public regard for democratic institutions. I intend to vote against the bill, as I voted against an earlier measure. Public opinion in Canada is strongly adverse to this legislation. People are asking for a higher standard in parliament. Additional monetary rewards will not necessarily furnish higher standards. When I look back to a time 50 or 75 years ago and see the giants of that day who served without remuneration, and see some of the giants in—

Mr. Howe (Port Arthur): Not in this parliament?

Mr. Diefenbaker: No, not in this parliament. When I look at the cabinet today I feel—I am sure hon. members will agree with me—that neither the Minister of Trade and Commerce (Mr. Howe) nor the Minister of Agriculture (Mr. Gardiner) is here because of the rewards measured in terms of money. They

are here for a public service. That is what the people expect of democratic representatives, and I believe that by coming through the back door in this way after an election and introducing it with such haste the government cannot but earn the condemnation of a large number of the Canadian people.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to support the position taken by the hon. member for Rosetown Biggar (Mr. Coldwell), which he took on behalf of this group, with respect to this bill. Entirely apart from considerations as to the way in which this measure was brought in, entirely apart from what would happen if the question were referred to some other body for inquiry, we have considered the substance of the matter as it is presented to us. We feel it is our responsibility as members of parliament to meet a question such as this head on and to make our own decisions. As my leader has pointed out, bearing in mind the fact that the Prime Minister and the other members of the cabinet share in the other increase which was passed by parliament recently, we feel that the additional increase for them set out in this bill is of too great a magnitude. It is because of our views with respect to the substance of the measure now before us that we shall vote against second reading of the bill.

As hon. members are aware, the present gross annual income of cabinet ministers is $18,000 a year. The two increases provided for by Bill No. 171 and Bill No. 172 will bring their total to $27,000 a year. In the case of the Prime Minister the gross annual income, prior to the introduction of these two bills, was $23,000. With the passing of the two measures, that gross income will be $37,000. We feel that increases to those two sums are out of line, and it is because of our attitude towards the substance of this measure that we have taken the stand my leader has indicated, and which I rise to support.

Let us look at the position as it would be if the majority of the members of this house joined with us in voting against this measure. If it were defeated, the salaries paid to the Prime Minister and the cabinet ministers would remain as they now are, but in addition to these salaries they would of course have their annual indemnities as members of parliament. That means that the Prime Minister's emoluments would be raised from $23,000 a year as is now the case to $27,000 a year, and the other cabinet ministers would be raised from the present figure of $18,000 to $22,000 a year.

We believe—we say this without any feelings of disrespect for the persons holding these offices at the present time; that is not what is involved; what is involved here is a principle—that an increase at one time of $4,000 a year is sufficient. Everyone knows that that amount of increase is far more than most Canadians will ever make in any one year in their lives, let alone ever getting an increase of that amount. I submit that we are not being unreasonable, we are not being unfair, we are not failing to recognize the importance of the job when we say that the total emoluments I have just indicated, $22,000 for cabinet ministers and $27,000 for the Prime Minister, should be quite enough.

Now, Mr. Speaker, in the discussions that have taken place on this measure thus far, there is one item to which reference has been made two or three times. The Prime Minister (Mr. St. Laurent) referred to it when we had before us the resolution preceding the two bills. The Acting Prime Minister (Mr. Howe) referred to it today. In fact, the reference today was in a little greater detail than was the case when we were at the resolution stage. I refer to the matter of the motor car allowance of $2,000 a year, tax free, which is provided for the cabinet ministers as well as for some others, though in the case of the Speakers, the amount is a little less. At any rate, Mr. Speaker, this $2,000 is part of the total payment; it is part of the total of $18,000 that the cabinet ministers are now receiving; it is part of the total of $27,000 they will receive if both of these bills go through parliament.

I appreciate the fact that today the Acting Prime Minister indicated that he had looked into the history of this $2,000 motor car allowance. As he knows, I have looked into it a good deal myself, and I have had something to say about it on a number of occasions on the floor of this house. I have had correspondence with the Auditor General, Mr. Watson Sellar, about the matter, and I must say that I am disappointed that at this time when the Salaries Act is being amended this matter of the manner in which this $2,000 tax-free motor car allowance is being paid has not been—if I may use the phrase—tidied up.

The whole question first came to light in modern times when a number of new positions were created in the cabinet in the early years of the last parliament. The Prime Minister himself on that occasion admitted that up until then he had not known just how this $2,000 car allowance came to be part of the statutory amount paid to cabinet ministers. He said, however, he was informed, when he made inquiries, that it arose from an item in the estimates of 1931. Well, I confess that that really was a source

of amazement to me; so as soon as I could I went back to the statutes of that year and looked up the item and I found that in Appropriation Act No. 5, 1931, there was an item, item No. 352, which reads:

> To provide for payment annually from the consolidated revenue fund of the sum of $2,000 to each minister of the crown charged with the administration of a department, the Solicitor General, and the Leader of the Opposition and the sum of $1,000 each to the Speaker of the Senate and the Speaker of the House of Commons, in lieu of motor cars and their maintenance, including chauffeurs, the acceptance of such sums not to vacate their respective seats in parliament; and to authorize the governor in council to appoint any person now employed in the public service as a chauffeur of a passenger automobile at Ottawa, whose position is abolished, to a vacant position in the public service, provided such chauffeur has been continuously employed as such for at least two years and that the appointment will be made at no higher remuneration than he is now receiving, $42,000.

The reason the figure of $42,000 is at the end of that long item is that that was the amount that had to be paid in the year 1931 to cover the motor car allowances being provided by that item in the estimates of 1931. But, Mr. Speaker, because there was in the text of that item one little word, "annually", it has been ruled that that was just the same as if the matter had been decided by statute in the ordinary way. From that day down to this, $2,000 has been added to the salary of each cabinet minister and it appears in the blue book of estimates with a capital "S" at the left, indicating that it is to be regarded as statutory.

We have before us today a bill to amend the Salaries Act. We know that the Salaries Act as it now reads specifies that the salary of each cabinet minister is $10,000. If any hon. member will look at the blue book of estimates he will see that for each minister there is an item covering salary and motor car allowance, $12,000. The two are lumped together and both are referred to as being statutory.

We can only assume from what the Prime Minister (Mr. St. Laurent) said at the resolution stage, and from what the Acting Prime Minister (Mr. Howe) said today, that if this bill goes through raising the salaries of cabinet ministers to $15,000, when we get the blue book of estimates, opposite each cabinet post will be, not the figure of $15,000 but the figure of $17,000 and we will be told again by the capital letter "S" that the total amount is statutory.

I am not going to pose as a lawyer in any sense because I am not one, and neither am I going to launch into a long legalistic argument about this, but I do think that anyone who wants to look at this matter in a common-sense manner must realize that even if it is legally correct it is hardly playing fair to contend that in the year 1954-1955 an item that was put in the estimates in 1931 justifies that amount still being paid and still being called statutory.

Just as a little aside, I find nothing in the original estimate that provided that the motor car allowance was to be tax free. I suppose that that did not matter so much in 1931. I do not yet know where the authority is to be found for that item to be tax free as it is today. That is another point which it seems to me, if I may use the phrase again, should be tidied up.

As I say, I am not going into a legalistic argument, probably because I have done it before and it is all on the record. However, in addition to the other arguments I have advanced in the past, when I claimed that this item should not be continued to be paid in that manner, I would now cite the Revised Statutes of Canada for 1952. Up until a couple of years ago it could have been argued that we were still operating under the statutes that had been passed annually from 1927 on down, but now we have the Revised Statutes of 1952. The statutes have been consolidated and brought up to date.

In volume VI of the Revised Statutes of Canada for 1952 the commissioners who had the job of revising the statutes set out for us a table showing what has happened to all of the statutes of Canada previous to 1952. I looked up to find out what happened to Appropriation Act No. 5 of 1931. This was the appropriation act which contained the item about the motor car allowances. At page 25 of volume VI we find details of the history and disposal of acts. In dealing with the statutes of 1931, I find this: "Chap. 61, Appropriation, No. 5, spent".

I suppose one could put two meanings on the word and say that the money had been spent. That is true, as the $42,000 was spent in that year, but that is not the meaning which the commissioners had in mind. What they meant by using the word "spent" was that the force of the legislation has expired, it has gone, it is spent.

Despite the fact that that legislation is spent we still have in the blue book of estimates which is before us now this $2,000 motor car allowance listed as statutory.

On the other occasions when I raised this matter I tried to confine myself to the procedure and the manner in which this was being done. I had in mind the fact that it was many years since cabinet ministers' salaries had been raised and I saw no point in discussing, on previous occasions, the question as to whether this money should be paid. I did not suggest on those occasions that it

should be cut out altogether; I merely suggested that it should be dealt with in some other way, in some more satisfactory manner. I quoted Watson Sellar as being on my side of the case, and I shall do that again in a moment.

My point is that when the Salaries Act is being amended, when the whole question of the emoluments being paid to cabinet ministers is before the house, surely is the time to tidy up this matter and to decide once and for all, first, whether the motor car allowance is to be paid and, second, if so, how it is to be provided.

I contend from the reference I have just made to the appropriation statute of 1931, which is spent, that it should not be continued unless it is included in the Salaries Act which is now before us. As I say, I have raised this matter a number of times and I have always been appreciative of the manner in which the Prime Minister listened to my point of view. Perhaps it was in the hope that he would cut off my speech, and as a matter of fact he succeeded once or twice, but on one or two occasions he indicated that at the appropriate time items such as this would be tidied up.

I know just as well as Your Honour does that I cannot go into the details of the clauses of this bill, and I shall not do so, but the bill now before us does tidy up another point similar to this one. When we get into committee and are dealing with certain clauses of this bill to amend the Salaries Act I shall be able to point out that it tidies up the question of the salary of the secretary to the Governor General. For a number of years that item has been paid in two parts; there has been a salary of $2,400 paid by statute and an item of $7,600 in the estimates.

That is an item similar to the motor car allowance which Watson Sellar described as legislating by estimates. I shall quote Mr. Sellar in a moment. In response to my raising these items from time to time across the years, the question of the salary of the secretary to the governor general and the motor car allowances, the Prime Minister on two or three occasions has said that when the proper time came we would clean up these loose ends and put them on a proper basis.

If there ever was a proper time, this is it. My claim that it is a proper time is strengthened by the fact that this bill does clean up the question of the salary of the secretary to the Governor General. This bill will repeal the portion of that salary which is paid by statute and the blue book of estimates anticipates the passing of this bill—I am a little surprised at that—and includes the whole of that salary as an item. My point is that if that untidy item is being cleared up, so should this question of the motor car allowances.

As I say, after we first ran into this matter in 1949 I did a little research on my own. I felt it was my right and indeed my duty to lay my views before the Auditor General and get his comments if he were prepared to give them to me. Mr. Watson Sellar wrote me on December 14, 1949, and I shall quote the first paragraph which reads:

Dear Mr. Knowles,

Replying to your letter of the 12th, may I say at the outset that perhaps I'm not the best person to interpret vote 352 of 1931, because I drafted it. I was then assistant deputy minister of finance, and as there was then no deputy minister in office, I was responsible for the routine in connection with the estimates book. The instructions were to prepare a "continuing" item and have the text approved by the then deputy minister of justice. Frankly, I was surprised when, some years later, it was ruled that the latter part of the text provided authority to appoint one of the chauffeurs who, in the interval, had served as the private chauffeur of the then prime minister, Mr. Bennett. I was in sympathy with the appointment, but had assumed continuity of employment was an implied condition of the text.

I want to interpolate, sir, and on this point I am not expressing anything that I seek to attribute to Mr. Watson Sellar, but my own opinion is that if Mr. Sellar was surprised that the wording of that text was interpreted to mean the provision of a position for someone who was not then an incumbent so far as the chauffeurs were concerned, the same argument might be applied to all the then incumbents of those various cabinet posts. All of them have since left the cabinet.

It may be that the purpose of this item was, as the Acting Prime Minister (Mr. Howe) said today, to pursue Mr. Bennett's idea of economy. He found a way of saving $5,000 a month for the public treasury, namely by doing away with the cars and chauffeurs for those various people, and giving them instead $2,000 a year. The only comment I would make on that in so far as Mr. Bennett is concerned is to commend it. That differs from what the hon. member for Temiscouata (Mr. Pouliot) said the other night, but that is beside the point.

My point is that this was a temporary measure and the fact that it was a temporary measure is borne out by the manner in which it was dealt with, namely not by changing any statute or by making changes in the Salaries Act, but by an item in the estimates.

I said I was going to read only one paragraph from Mr. Sellar's letter, but I wish to read the next one:

On several occasions I have expressed the opinion to the public accounts committee that

legislating by the Appropriation Act has undesirable characteristics, and in the report of this office to the House of Commons a year ago I drew attention to the situation. See paras. 39-42 of the attached marked copy.

Mr. Sellar sent me a copy of his report for the year 1947-48. I will not read it all but paragraph 41 makes reference to this matter of car allowances and then says this:

These payments become statutory charges by the text of vote 352 of Appropriation Act No. 5, c. 61, statutes 1931. The 1947-48 main estimates included 30 items marked "(S)" because of texts in previous appropriation acts—22 having an association with vote 352 of 1931.

As I have already said the Revised Statutes of Canada for 1952 show that the Appropriation Act No. 5 is now spent. The next paragraph in that same report by Mr. Sellar for 1947-48 reads as follows:

The practice of legislating by appropriation acts has attractions when dealing with special cases or making temporary exceptions from general legislation; but the thought presents itself that it might be a safeguard and a convenience to members were such items listed together in a special schedule and the reason therefor printed with each item—as is the practice with respect to bills.

I submit, Mr. Speaker, that the first part of that sentence justifies what was done by Mr. Bennett's government in 1931. Let me read it again:

The practice of legislating by appropriation acts has attractions when dealing with special cases or making temporary exceptions from general legislation;

But it is a different story when it is continued for 23 years.

Similarly Mr. Watson Sellar, Auditor General, prepared a very extensive memorandum on matters of this kind. Originally it was for a committee of the Senate but later it was presented to the public accounts committee of this house as well. In that memorandum he dealt with this matter again and said:

An example is vote 352 of the main Appropriation Act for 1931. That vote authorizes an annual motor car allowance to be paid to ministers, the Speakers and the leader of the official opposition in the House of Commons. Payments are made every year by relying on the text of the 1931 vote. Consequently, in the estimates the amounts are listed as "s"—

That means "statutory".

—which means authorized by statute. Legislating by means of an appropriation act is a convenience when a need is transitory. Furthermore, it avoids cluttering the statute books with expired legislation.

I think that is a very clear statement and a very proper statement. If there is some item which has to be passed only for two or three years there is really no objection to parliament being asked to pass it, and it can be included in the items in the estimates. Mr. Sellar states that it is rather ridiculous to have special statutes for temporary items which will result in the statute books soon becoming cluttered with expired statutes.

But this is not something that expires. This is something that has been continuing for 23 years. The Prime Minister (Mr. St. Laurent) agreed there were items which required to be cleaned up and this one certainly comes within that category. The Prime Minister assured me these items would be dealt with but we now have the matter before us and nothing is being done about it. Let me go on with Mr. Sellar's comment. After saying these things would clutter the statutes books with expired legislation he continued:

But from the constitutional viewpoint, it is open to the objection that it is, in fact, incomplete legislation because the mode employed circumscribes deliberations by the Senate. This was pointed out 30 years ago in a report of a special committee of the Senate on the rights of the Senate in matters of financial legislation.

Mr. Sellar included in the memorandum a notation on that subject which I will not take up the time of the house in reading but it does seem to me, Mr. Speaker, that the position with regard to this matter is very clear.

I am not alleging that the paying out of this money is illegal. If it were the Auditor General would have said so long ago. But I am asserting in the words of the Auditor General that although it may be proper to deal with a transitory matter by means of items in the estimates, it is not fair to parliament nor to the recipients to continue year after year making payments of this kind on the basis of an item in the Appropriation Act of 1931 which was spent long ago.

Now, Mr. Speaker, there are two things that might be done in respect of this. On the one hand, the government might say it intends to continue this $2,000 motor car allowance, and it could present the matter to parliament in some way so parliament could pass it or reject it. That could be done by including it in the Salaries Act. If that were done the question of whether it was tax-free or otherwise could be determined by parliament. Despite my extensive research on the question I have never been able to find when parliament decided on this question and how that decision was arrived at. I suppose the income tax people made a ruling on it or it was dealt with by someone in the Department of Justice somewhere along the line, but certainly parliament never made the decision.

That is one course the government could follow. It could say that notwithstanding the views of the member for Winnipeg North Centre they wanted this $2,000 to be part of

the emoluments of cabinet ministers, and that therefore they were going to bring it before parliament in a clear-cut form. Though I might disagree with that, I certainly would respect them for doing it in this way. But I am afraid I do not feel a great deal of respect for the manner in which it has been done across the years.

The other course the government might follow would be to say that they were going to put through this bill providing for an increase of $5,000 in salaries to cabinet ministers despite the opposition of some hon. members but since they were going to do that at this time they were also going to abolish the $2,000 and be satisfied with a net increase of $3,000 in the salaries, or a total net increase of $7,000 instead of a total of $9,000.

As I pointed out earlier, on previous occasions when I dealt with this matter, I have dealt with it only from a procedural aspect. I have not suggested in the past that the motor car allowance should be cancelled, but for my part, I do now make that suggestion. I suggest that if the government insists on going through with this increase of $5,000 in salaries over and above the $4,000 increase in indemnities, that this is a time when they could well afford to take up the slack so far as this $2,000 motor car allowance is concerned and deduct it from the emoluments of cabinet ministers.

It may be, Mr. Speaker, that I have broken my own pledge not to get too legalistic about this question, but I did feel that this was a time when something should be done about the matter. I honestly thought it would be dealt with on this occasion because of the statements the Prime Minister (Mr. St. Laurent) has made in the past. He has implemented his assurance with respect to the salary of the secretary to the Governor General. I am sorry it has not been done with respect to the motor car allowance, and even yet I think something should be done about it.

For that reason, together with the reasons stated earlier by my leader for being opposed to this increase along with the other increase, I shall vote against the second reading of the bill.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, the scope of argument in this discussion is very limited, and without indulging in repetition one can hardly find anything to say. I want to register my opposition to the bill. My personal feeling, and it is a strange one, is that we are in a situation of unreality and fantasy. I do not think that the term "fantastic" is too strong a one to use respecting the amount of the increases sought in this bill. I do not want to make an emotional

[Mr. Knowles.]

appeal, but when I say "fantastic", when I say "unrealistic", I think of the condition of the people of this country, 50 per cent of whom earn an income of less than $2,000 a year. Those are the people who send us to parliament, who sent me to parliament. I think too of what we might do for old age pensioners. I am well aware that the total amount involved in this legislation would not improve the condition of these people appreciably in the matter of cash, but I am dealing for the moment with ideas and principles.

I think of the increasing unemployment, for no matter what may be the correctness of the figures submitted on both sides of the house, there is no doubt that unemployment, seasonal it may be, is certainly increasing at the moment. One could mention the means test, veterans allowances, blind pensions and all the rest. That is why I say that I feel we are in a situation of fantasy and unreality. Therefore I am opposed to the principle of the bill. I opposed by voice and vote the bill which increased our own indemnity. The supporters and sponsors of that measure could at least advance the argument that its provisions were based upon some proof of need.

It is on the question of need that I am going to base my objection to these increases. I am not convinced that that argument can be applied to this bill. Up to the present time I have heard nothing in the debate which would prove to me that the beneficiaries of this legislation need such increases. Through the other bill cabinet ministers have already received an increase in their indemnities from $4,000 to $8,000, although I grant that the actual increase is only $2,000 in view of the fact that the increased indemnity will be paid on an annual rather than a sessional basis. Nevertheless there has been an increase and it applies to cabinet ministers as it does to members of parliament. I would be quite content to let it go at that.

To my mind $27,000 is a lot of money, however capable those who receive it may be. I should like to point out that after all cabinet ministers are made and not born. They enter the cabinet by virtue of the fact that they first of all have been elected by the people. When they come to the house they come, like the rest of us, with the idea that they will perform the functions and receive the indemnity of a member of parliament. In his wisdom and good time the Prime Minister (Mr. St. Laurent) calls upon them to be members of the government, and I would ask hon. members if it is reasonable to think that their need immediately increases at that moment from $17,000 to $27,000 which it is proposed to give them under the bill.

There is certainly nothing personal in my remarks. The ministers will know that there is absolutely nothing personal in these arguments. I do not know whether I dare suggest that perhaps we in the opposition, who look into the eyes of the cabinet ministers over there, know more about them than they do themselves. We do see signs of ability. Of course there are many able men in the cabinet, but I suggest that some of those who sit in the seats of the mighty have been endowed, like the rest of us, with feet of clay.

In view of the fact that no announcement was made about the introduction of this legislation before the election and that it was brought in afterwards, I suggest that the people of the country generally will not only resent that but will also think that the amounts provided in the bill as introduced are too large. I shall oppose the bill.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I want to say a word or two. I do not find it easy to vote against this measure, and I should like to explain briefly why I shall do so. I agree with what has been said by my leader as to the onerous duties discharged by members of the cabinet. Nobody would doubt that for a moment. The nature of my complaint is the same as my complaint about the other measure, that we were not consulted and that we had no means of arriving at a conclusion. I think we are still in that position.

The hon. member for Rosetown-Biggar (Mr. Coldwell) said we did not need to have any outside discussion or to have a committee, because we were the people who had to make the decision. Yes, we are; nevertheless I think we should make a decision only after adequate information is given to us. The shareholders of a company would not readily increase the salaries of their executive officers without having some idea as to comparable conditions elsewhere.

Mr. Howe (Port Arthur): The shareholders of a company would not have any competent officers at these salaries.

Mr. Macdonnell: I defer to the right hon. gentleman's knowledge.

Mr. Howe (Port Arthur): You know that as well as I do. What was your salary when you occupied such a position?

Mr. Macdonnell: The only argument that has been made so far as I know is a comparison of the remuneration of members of the cabinet with that of business executives. I do not accept that as a comparison at all. As my leader said, there are men in the cabinet who could earn far more money outside, and it will be a poor day for the House of Commons when that is not true.

Why are these men here? In this respect I should like to refer to what the Prime Minister (Mr. St. Laurent) said after the 1949 election. He referred to the cabinet and their responsibility and honour. That is quite right. What better reason could there be for a man being here than that he wishes to serve the public, and what is more just than that he should receive honour for doing so?

That is why I say I do not believe the best men who come here come with any idea of comparing what they are going to get with what they have been getting before. Therefore I repudiate that argument, and that being the only argument we have been given, so far as I know, we are being asked to vote blindly and mechanically without proper consideration and proper information. Therefore I shall vote against this measure.

Mr. Angus MacInnis (Vancouver-Kingsway): I want to say a few words in order to put myself on record as being opposed to these increases in the salaries of cabinet ministers. What I am about to say does not apply to the increase in the salary of the Prime Minister (Mr. St. Laurent). It has been said that the amount is necessary to maintain the dignity of his office. I have heard it put in that way. Personally, I do not think there is very much connection between money and dignity. I am quite sure the Prime Minister (Mr. St. Laurent) would maintain the dignity of his office without any increase in salary. He was dignified before he came here, and he has maintained his dignity while here despite the very undignified actions of some of his followers on some occasions.

I would emphasize what some of the members of this party who have spoken before have said. I think that a $9,000 increase at one jump is too much. The average person is not going to separate the indemnity from the salary and say that a minister is only getting an increase of $4,000 as a member of parliament and that has no relationship to the $5,000 he gets as a cabinet minister. In so far as the average person is concerned, it is an increase of $9,000.

I should like to draw the attention of the house to the fact that there have been additions to the cabinet in recent years, possibly in recent months, before any increase in indemnity was proposed. I do not believe that there was any force used to bring those young men into the cabinet. I am quite satisfied that they thought they were doing

pretty well for themselves in getting a cabinet position at the salary as it was at that time.

The Acting Prime Minister (Mr. Howe) said that the remuneration is not out of line with that paid in private enterprise. I do not think the two can be compared at all. I am quite willing to admit right now that when the Acting Prime Minister came into this parliament and took a position in the cabinet, he could have made much more than he got here. I do not want him to think there is anything in the nature of flattery in what I am saying or that it is my purpose to flatter. However, I feel this country owes him a great deal because he has spent himself for this country since he became a member of the cabinet in 1935. I am sure he did not seek the position because of the salary that went with the office. I am quite willing to admit that. He will not work any harder because of this increase, because he cannot work any harder.

There are other members of the cabinet —a person gets on rather dangerous ground when he singles out an individual—who have spent themselves and given their lives to the welfare of this country. However, to say that, by and large, every member who comes into the cabinet could earn the salary now proposed is just sheer nonsense. I can imagine what sort of a figure some of them would make if they were separated from their efficient deputy ministers and staffs. When you mention an increase such as we are now considering to the average Joe, as the saying is, he just cannot understand it. He sees a $9,000 increase on top of all the fringe benefits that a member of parliament now receives. I was going over some of the fringe benefits in my mind the other day, but for the good of the country perhaps I should not mention them. It might create unrest. They are there, however, and members of the press gallery enlarge upon them every now and then.

I should like to tell the house and the government that they are making a terrible mistake at this time. As someone has said, for the first three days of this week we were discussing the unemployment situation in this country. There are men and women who do not know where to turn; hundreds of thousands of them. Any minister who does not know that only has to read the newspapers from his home town. The ministers from Vancouver could read the newspapers from that city and find out about the condition of the old age pensioners, persons on social assistance and those who are unemployed. I say we should come to our senses and maintain the faith of the people of this country in our representative institutions. I am quite sure we are doing much harm at the present time.

Mr. A. M. Nicholson (Mackenzie): In rising to oppose this measure, I feel that the present members of the cabinet deserve some sympathy. I feel that they are going to receive public criticism which is not entirely deserved. I do not share the opinions expressed by the Leader of the Opposition (Mr. Drew), who suggested that probably the Australian policy of a flat sum which the Prime Minister could distribute as he might see fit would be a good practice. I am afraid I cannot go along with the views expressed by a number of speakers who have suggested that there are some weak members in the cabinet. I want to say that I have had a very happy association with all the members of the cabinet. What I am about to say is not prompted by any grievance with any department.

I am afraid I cannot agree entirely with the member for Vancouver-Kingsway (Mr. MacInnis) because I think that most cabinet ministers, if they had worked as hard in the business world as they have worked here, would probably have collected more money than they are ever likely to receive here. Again, I am speaking only for myself. I have expressed this view before. I feel that the highest salary in the country should go to the Prime Minister (Mr. St. Laurent). Next to the Prime Minister, I think that the members of the cabinet and His Honour the Speaker deserve to be mentioned.

I have a great deal of sympathy for His Honour the Speaker who is not able to leave this chamber and take a walk when the proceedings become boring. The Speaker and his deputy really have to take a lot of punishment in the course of a parliament. I feel there should be adequate compensation for that. I want to make it clear that I am not suggesting we bring the salaries of the Prime Minister or the members of the cabinet to the top in Canada. I think some day we should accept the principle that the highest income a nation can give should go to the one who has the highest office the people can give. Before we can reach that stage, however, we have to make some radical changes in our way of doing things.

I believe we should ask ourselves, what is an income for? In answer, we might say it is to provide security and security involves an income that will enable us to look after sickness when it comes to the family and provide for our old age. Canada, with all her resources, should be able to provide those things for all her people. If we can provide for sickness for all our people and

provide for old age, then it is not necessary for the individual to try to have the fantastic salary that many seem to think they should have.

I appreciate the problem that this government has, or that any government has, in trying to maintain staffs to efficiently run the business of government. Private enterprise is able to make extremely attractive offers to people who get their training in the government service. But I want to suggest that we have made some progress, even under a Liberal government. We have introduced old age security legislation which does give every Canadian security that we did not have a short time ago. I find that if at the age of 50 I had tried to get the sort of security through government annuities that we now provide through this legislation, I would have to advance $2,296.27 in cash to purchase an annuity of $40 a month at the age of 70. I think we can all agree that $40 a month is not adequate, but together I believe we could provide legislation which would give every Canadian security for the evening of his life.

Mr. Speaker: Order. While I appreciate the sympathy the hon. member expressed for me a moment ago, I wish he would go a little further and express sympathy with the difficulties I sometimes have in enforcing strict adherence to the rule of relevancy.

Mr. Nicholson: Thank you, Mr. Speaker; I shall try to connect what I am saying with the legislation at hand. This legislation is to provide security for members of the cabinet. My point is that if those cabinet members will bring in security for every Canadian, such action would relieve them of some of the disbursements people have found it necessary to make in the past.

I accept the point of view that if members of the cabinet had not come to parliament, no doubt they would find themselves in a better financial position. But that is true of a great many other members of parliament. For example, my closest neighbour in this chamber is a medical doctor, and I am sure if he worked as hard in his profession as he works in parliament he would be able to accumulate a good deal more money than he can hope to accumulate as a member of parliament.

Then I have no doubt the Acting Prime Minister would have accumulated a great deal more money if he had been following his career, particularly during the war years; but perhaps he would not have had written in his honour a book, "Canada at Work." I find this book is dedicated to Right Hon. Clarence Decatur Howe, engineer and statesman, and states, "His vision saw the industrial and technical possibilities of Canada; his skill and courage and drive helped to realize them." Then his picture is in the book. First there is the picture of the Governor General, followed by that of the Prime Minister (Mr. St. Laurent), and third is the picture of the Acting Prime Minister (Mr. Howe). I suggest that having a book of this type dedicated to one does provide some measure of compensation for the money one might have had in other walks of life. I think there can be no difference of opinion on that.

Then, returning to the point that we must provide economic security for all the people before we pass legislation of this kind, I would remind the house of some comments made by Sir Richard Acland, now a Labour member in the British House of Commons. I believe he wrote a book during the war years entitled "What it will be like in the New Britain". In this book he suggested that "the incomes paid for the most responsible positions in the land will not be more than ten times that of the lowest paid worker". He suggested that his personal preference was a ratio of only five to one, but he thought that, for the new Britain, ten times the salary of the lowest worker should be the maximum paid. They have not reached that point in Great Britain, but they have made some progress.

Then, on his eightieth birthday Somerset Maugham had some significant comments to make regarding the change in his country. He mentioned over a radio network that—

—Britons are much better off now than at the turn of the century, when the poor lived in "squalid, verminous slums" and the rich ate so much "they grew enormously fat."

Mr. Speaker: Order. Sometimes I wonder if the hon. member really knows what the word "relevancy" means. I have been following his argument very closely, and I can assure him that his understanding of that word and mine must differ substantially. He is trying to make an argument to the effect that before this legislation is carried we should provide social security or payments of increased amounts to people who perhaps need increases in whatever benefits there are. In order to make that argument he quotes statements made by people in other countries showing the standard of living of people in Great Britain and elsewhere. If we were to accept this kind of argument against second reading of the bill as relevant, then it would be open to any hon. member to stand in his place and say,

"Before we pass this bill, let us give farm implements to all the farmers. We must have a general discussion on the advisability of doing that before we pass the bill."

The principle in the bill before us is the desirability of increasing the salaries of those mentioned in it, and I would ask the hon. member to take a much narrower view of the word "relevancy" and try to come somewhat closer to my own interpretation of it. I am sure he will co-operate.

Mr. Nicholson: Mr. Speaker, as I said earlier I shall try to keep within the limits and abide by your suggestion; but may I adjourn the debate now and call it five o'clock?

Some hon. Members: Question.

Mr. Speaker: There is still a minute to go before we reach five o'clock. But if there is no objection, and hon. members wish to call it five o'clock, we might proceed on that basis.

Mr. Howe (Port Arthur): I would consider it a favour, Mr. Speaker, if the hon. member's motion to adjourn the debate were accepted. I have a long-standing engagement for this evening, and I had not expected the debate to take this length of time. If it could be adjourned, then the government would favour taking it up as the first item of business on Monday.

On motion of Mr. Nicholson the debate was adjourned.

Mr. Speaker: As it is now five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

ASSOCIATED CANADIAN TRAVELLERS

On the order:

House in committee on Bill No. 170 (letter T-3 of the Senate), intituled: "An act respecting the Associated Canadian Travellers".—Mr. Hanna.

Mr. Speaker: In respect of the first order under the heading of private bills, I notice that it involves a motion that I do now leave the chair for the house to resolve itself into committee of the whole on that bill. I notice the sponsor of the bill is not in his seat. Usually we do not proceed with second reading of a bill when the sponsor is not here, and if there is unanimous consent we will not proceed with this motion.

Some hon. Members: Agreed.

[Mr. Speaker.]

GREAT LAKES REINSURANCE COMPANY

The house in committee on Bill No. 174, respecting the Great Lakes Reinsurance Company—Mr. Richard (Ottawa East)—Mr. Robinson (Simcoe East) in the chair.

Clause 1 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

COMMERCE MUTUAL FIRE INSURANCE COMPANY

Mr. Joseph Fontaine (for Mr. Eudes) moved the second reading of Bill No. 198, respecting Commerce Mutual Fire Insurance Company.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

SECOND READINGS—SENATE BILLS

Mr. Speaker: Shall all these divorce bills be considered in one motion?

Mr. Knowles: There are 32 of them this time.

Mr. W. G. Weir (for Mr. Hunter) moved that the following bills be read the second time:

Bill No. 263, for the relief of Henriette Duffy Cote.—Mr. Hunter.

Bill No. 264, for the relief of Jaroslav Jandera.—Mr. Hunter.

Bill No. 265, for the relief of Robert Alfred Denman Stencel.—Mr. Hunter.

Bill No. 266, for the relief of Madeleine Forcier Midock.—Mr. Hunter.

Bill No. 267, for the relief of Annie Bray Hodgson.—Mr. Hunter.

Bill No. 268, for the relief of Joseph Kovecses.—Mr. Hunter.

Bill No. 269, for the relief of Winifred Margery Taken Dillen.—Mr. Hunter.

Bill No. 270, for the relief of Hilda Foster Mills Henderson.—Mr. Hunter.

Bill No. 271, for the relief of Evelyn Beatrice Diggon Ferguson.—Mr. Hunter.

Bill No. 272, for the relief of Hellon May Dreany English.—Mr. Hunter.

Bill No. 273, for the relief of Ione Larson Morris.—Mr. Hunter.

Bill No. 274, for the relief of Marie Laurette Carmen Gamache Desmarais.—Mr. Hunter.

Bill No. 275, for the relief of Dorothy Agnes Louise Grant Walker.—Mr. Hunter.

Bill No. 276, for the relief of Evelyn Maud Nash Wyse.—Mr. Hunter.

Bill No. 277, for the relief of Anita Felton Corbeil.—Mr. Hunter.

Bill No. 278, for the relief of Sonia Lippman Cohen.—Mr. Hunter.

Bill No. 279, for the relief of Margaret Stuart Peniston Rex.—Mr. Hunter.

Bill No. 280, for the relief of Phyllis Adair Barker Smith.—Mr. Hunter.

Bill No. 281, for the relief of Elizabeth Louise Emmett Lightbody.—Mr. Hunter.

Bill No. 282, for the relief of Madeleine Victoria Coussement Rolland.—Mr. Hunter.

Bill No. 283, for the relief of Julia Frances Finn Radcliffe.—Mr. Hunter.

Bill No. 284, for the relief of Eileen Theresa Burgess Cowan.—Mr. Hunter.

Bill No. 285, for the relief of Christina Emmanuel Papadakis Banks.—Mr. Hunter.

Bill No. 286, for the relief of Grace Connolly Houde.—Mr. Hunter.

Bill No. 287, for the relief of Marion Elizabeth Davis Esson.—Mr. Hunter.

Bill No. 288, for the relief of Morris Goldsmith.—Mr. Hunter.

Bill No. 289, for the relief of Edith Marie Treleaven Younkie.—Mr. Hunter.

Bill No. 290, for the relief of Irene Dorothy Haselden Munn.—Mr. Hunter.

Bill No. 291, for the relief of Margaret Hosie Black Kirk.—Mr. Hunter.

Bill No. 292, for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.—Mr. Hunter.

Bill No. 293, for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.—Mr. Hunter.

Bill No. 294, for the relief of Albert Pigeon. —Mr. Hunter.

Motion agreed to and bills read the second time.

Mr. Speaker: The business under public and private bills having been completed, the house will revert to the business under consideration at five o'clock.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Friday, February 12, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: I understand that we were considering clause 163 when the committee rose previously. Shall the clause carry?

On clause 163—*Offensive volatile substance.*

Mr. Diefenbaker: I should like to ask the minister a question regarding a suggestion made a week ago today respecting some amendment to the section in question in order to cover the pollution of streams. I am not going to repeat the arguments advanced on the last occasion this matter was up, but generally speaking I feel that something should be done under the Criminal Code to meet a situation that will become increasingly difficult as the years go by.

We have a situation on the Ottawa river as a result of pollution that has brought representations to the governments of both the provinces of Ontario and Quebec as to the need of doing something to meet a condition which is detrimental in some cases to the health of individuals, and in other cases dangerous to fisheries.

The latest report I have from the city of Prince Albert, and other localities through which the North Saskatchewan river flows, is that the condition of the water is still such that few people dare drink any of it. The odour is beyond description. How dangerous the water will be to the individual has not been determined yet; but, Mr. Chairman, it is of interest to know that my information is that the Canadian National Railways have found that without any treatment the water of the North Saskatchewan river in its present polluted condition is a very active agent for the removal of scaling in locomotive boilers. That would seem to indicate that it would not be too congenial to the health of human beings. I think that is an understatement on my part.

However, I do rise once more to suggest to the Minister of Justice that the section in question, and the next one twice removed, be allowed to stand so that further consideration may be given by the Department of Justice to the utilization of these sections as a means whereby more control may be achieved under the law over the pollution of rivers that pass through two or more provinces. The other night the minister said the law of Manitoba was such as to meet the condition of affairs which existed on the North Saskatchewan river. We have health laws in Saskatchewan, too, but neither the province of Manitoba nor the province of Saskatchewan can do anything by the enforcement of the laws of their respective provinces to cover pollution taking place in another province.

In the United States consideration has been given to this problem under the powers contained in the statutes controlling interstate commerce or interstate transportation. The

pollution of streams is relatively new. It did not exist when the Criminal Code was codified some 62 years ago. There is no power in the legislatures of the provinces, other than the legislature of the province where the pollution takes place, to punish wrongdoing consequent upon the pollution of streams.

The North Saskatchewan river is the only source of water for human consumption in the cities of Battleford and Prince Albert and the town of The Pas. The Minister of Justice stated the other night that an amendment of the nuisance sections to cover pollution would not help. Certainly it would help, provided there was evidence sufficient to pin the guilt upon those who were responsible for the pollution.

In making the appeal that the government consider amending the nuisance sections to cover the conditions which prevail today on the North Saskatchewan river at no time did I suggest, nor do I now, that the mere amending of the law would result in a conviction. But it would put teeth in the objections now being raised by the people of the city of Prince Albert and these other urban centres, and would place them in a position when responsibility could be established so they would be able to act under the law.

During the last week thousands of people in Prince Albert have become more and more dependent upon wells throughout the country. Many are having ice hauled from the South Saskatchewan river, 30 or 35 miles away. The mayor of Prince Albert, Mr. Cuelenaere, speaking in Prince Albert the other day, in reference to a statement I had made that this was indeed a national emergency which existed along the North Saskatchewan river, said it was a national disgrace that something could not be done.

Without in any way entering into a controversy as to the respective fields of federal and provincial jurisdiction in connection with rivers that flow through two or more provinces, I think we would be taking a long step forward to meet the problem of pollution, not only of the North Saskatchewan river but in other parts of this country. No one wants to interfere with legitimate industry finding a means of disposing of its waste, but no one can justify industry using the God-given streams of this country upon which the people depend for water for human consumption as a means of disposing of their waste, with the excuse that there is no place else to dispose of it.

The waste that is being poured into the river today by one industry east of Edmonton amounts to 300 gallons a minute. Until this industry started to pour this effluent into the river, the waste poured in by other industries had no effect on the water supply in Battleford and Prince Albert. The odour of the effluent from this industry corresponds to the odour of the water in Prince Albert.

That of itself is not sufficient evidence upon which to convict. I am not asking that parliament convict anyone, as that is not the power or responsibility of parliament. But I do make an appeal to the minister to permit amendments to these sections so that not only will it be an offence, as it is today, to pour certain types of fluids into streams in this country, but it will also be an offence to pour into the God-given sources of drinking water for the people anything which has the effect of denying to the people as a whole the right to use those waters.

It has been said that it would be costly for this industry east of Edmonton, Alberta, to chemically treat this effluent so it would not have a detrimental effect upon the water of the North Saskatchewan river. Surely it is no excuse for the public interest being detrimentally affected to say that an industry would find it costly. The city of Prince Albert tried to meet the situation—

Mr. Garson: Perhaps it would help my hon. friend if I were to suggest that we would have no objection at all to having clauses 163 and 165 stand. I think indeed it would be desirable to do so until the facts in this particular case of the North Saskatchewan river shall have been established. Even if there were force in my friend's argument that an amendment to the code was desirable, I think we could draft the amendments much more intelligently when we knew what the facts were.

Mr. Diefenbaker: A matter of a few days is not going to make the situation any better or any worse, since it has been going on now for 97 days. I would appreciate it if the minister in allowing these sections to stand would take up with the law officers of the crown the question of the type of amendment that might be applicable to the conditions that have existed, as the department of health has found them. I would also ask that he secure from the law officers of the crown an opinion as to the degree to which, in consequence of a river passing through two or three provinces, the jurisdiction of the dominion is thereby brought into being.

Mr. Garson: Mr. Chairman, we would deal with all these questions as a matter of course in considering this subject. In fact some have been given consideration already. But there is another aspect to this matter which I am sure the hon. member for Prince Albert would be the first to appreciate, namely that we try,

in the exercise of our federal jurisdiction in these matters, to encroach as little as possible on provincial jurisdiction and provincial rights. The provinces concerned have their laws dealing with public health; and in a matter of this kind, seeing that we are seeking their co-operation in finding a solution to this problem, the least we could do would be to hear what they have to say as regards the measures to be followed.

Mr. Campbell: Mr. Chairman, before this clause is allowed to stand, and I think it should be allowed to stand, I want to point out that this situation has been going on, as the hon. member for Prince Albert said, for over 90 days. It is only going to be a matter of another 35 or 45 days before the river breaks up. If something is not done before the river breaks up, then the spring floods will come down from the mountains and the chances are that the effluents which are causing the trouble are going to be diluted to such an extent that it is going to be a great deal more difficult to find out what the trouble is, particularly a month or six weeks from now. It would be easier to find out what the trouble is now.

For the life of me I cannot see why that plant could not be shut down for 24 hours. We have scientists stationed at the 14-mile spot, where they are now conducting their tests, and after 24 hours with the plant shut down, a test could be made of that water. I am satisfied it would have cleared up to that point. The plant could then be started up again and other tests taken after allowing sufficient time for the effluent to get down to that point. To me that is the only practical way of doing it. At the moment we have a number of scientists, and no doubt they are the best we have, trying to decide which of the different chemicals—and there are supposed to be some 18 or more—is causing the trouble and from which particular plant they come.

On the 15th and 16th of January a delegation from Prince Albert spent two days at Edmonton, and they discovered the source of the effluent which is causing the trouble. The health officers in Edmonton know where it is coming from because they can see it. The hon. member for Prince Albert said there was a flow of 200 gallons—

Mr. Diefenbaker: 300 gallons a minute.

Mr. Campbell: —and I have been informed that it is 2,000 gallons a minute. It has been cut down to some extent, but they can see that horrible yellow substance coming down the river. To me the manner in which they are tackling this problem is just stupid when, as I suggest, they can shut down this plant for 24 hours by which time the water will have cleared itself and then take the tests.

They had the same kind of trouble with a similar plant out in Texas. What did they do? They followed the river down, found the source of trouble, and forced that plant to build an artificial lake into which the effluent was directed. That is the solution to this problem. This plant will have to pipe the effluent to some other suitable spot. Where the plant is situated at the moment there is no room to make an artificial lake. They are in a congested area. It will certainly cost them money to deal with this problem, but what is money when the health of 35,000 people is being affected? I think it is shameful. If the Minister of Justice will do what the hon. member for Prince Albert has suggested and see if the law offices of the crown can suggest a method of dealing with the matter federally, we will be satisfied.

The action taken by the Minister of National Health and Welfare on Wednesday helped quite a bit. He sent a wire. I have read it carefully, and underneath it all it seems to me that the Minister of National Health and Welfare is beginning to feel that something has to be done. Hon. members here cannot realize the extent to which the situation is being aggravated. The people in that area are talking about sending a caravan 1,000 strong to Edmonton in order to shame and shock the people of the city into clearing up the pollution. I had a letter from another person recently which suggests that the churches of Saskatchewan should hold a day of prayer, in order to pray that the heart of the premier of Alberta might be softened, so he would do what the law of Alberta will allow him to do.

I shall be quite satisfied if the minister will do that. Let Alberta know that we are beginning to be concerned down here, and that if something is not done by their people then we are going to deal with the matter ourselves. I shall be satisfied to let this clause stand.

Clause stands.

On clause 164—*No apparent means of support.*

Mr. Knowles: I wonder if the minister would say a word by way of comment on the first three lines of this clause, which read:

(1) Every one commits a vagrancy who
(a) not having any apparent means of support
(i) lives without employment . . .

There may be some legal interpretation of that which makes it read all right, but it

sounds to me as though, bearing in mind the fact that vagrancy is an offence punishable on summary conviction, it is rather strong. I take it that anyone who has plenty of money and lives without employment would not be affected, but it would apply to those who are broke and live without employment and today there are quite a few people in Canada without employment.

Mr. Garson: I believe perhaps the best way I could reply to my hon. friend would be to refer him to the manner in which the courts have interpreted this language which he finds so difficult, and I would refer him to the case of Rex *v.* Bassett, where Mr. Justice Osler referred to an earlier enactment which was similar in terms to the one we are discussing here and then said this:

> In my opinion before a person can be convicted of being a vagrant of this class he must have acquired in some degree a character which brings him within it, as an idle person who having no visible means of maintaining himself, i.e., not "paying his way," or being apparently able to do so, yet lives without employment.

That is, one who presumably lives by devious methods which are not apparent on the surface. That is the best manner, I think, in which to explain the language of the clause, but I might say, as my hon. friend himself may know from his reading of the newspapers from day to day, this clause is taken from a very old section which has been in the code for many, many years; and in practice the magistrates do not seem to have difficulty, such as my hon. friend has, in applying it to the cases which come before them.

Mr. Knowles: I take it that the meaning of the word "lives" is not just what is meant by "exists". Rather it implies living without having any means of living, in such a manner as to raise a question as to what is the source of one's livelihood.

Mr. Garson: I will not comment upon that. If that is what my hon. friend takes it to be I will not argue with him, but I do not say I necessarily agree with him either.

Mr. Ellis: Is there any general rule of thumb whereby a policeman can apprehend a person under this section? Is a certain amount of money required for a person to satisfy the law that he does possess visible means of support? In other words, getting down to a practical case, when would a person be without visible means of support?

Mr. Garson: Speaking as one who, I must confess, has had no experience at all in this type of criminal work, I think the essence of the matter is pretty much as I have just stated it. Perhaps I might give my hon. friend another judicial quotation which may help to elucidate the matter more than the first quotation I gave. In Rex *v.* Riley Judge Wurtele said:

> The mere fact of living without employment is not an offence against the law, if the person living without employment is able to do so, because he has sufficient means either belonging to himself or which are provided for him in a legitimate way. The policy of the law against idlers is to protect the public against men who, while avoiding labour and employment, live by trickery and cheating and by preying upon other men. But where a person is supported either by his own means or by his parents, it cannot be presumed that he will have to resort to unlawful means to live and that he is consequently a vagrant.

In other words, it is where a man is idle, living without visible means of support and yet living. It may not be possible in a particular case to prove any illegitimate activity against him, but the mere fact that he is able to live, presumably by illegal methods which cannot be proven, will constitute vagrancy under this section.

Mr. Ellis: It seems to me this is very vague. Ordinarily under the law if a man is accused of an offence we say that he is presumed innocent until he is proven guilty. He must be proven guilty of a specific offence. This seems very vague. If my memory serves me correctly, it seems to me there were cases prior to the last war of persons being arrested for vagrancy simply because they were without employment, were going about the country looking for work, and in some cases had no particular intent to commit any crime.

I should like to clear up this point. In the event a person without money finds himself in a strange community, perhaps in the course of looking for employment, could he be accused of vagrancy? He might be without visible means of support, without money, perhaps without a permanent place of residence. Would there be any possibility of such a person being charged with vagrancy?

Mr. Garson: It is quite impossible for me to appear here as a sort of fountain of legal opinions on hypothetical cases such as that which my hon. friend has just stated. I have indicated the circumstances under which, according to the rulings of the two judges whom I have quoted, an accused may be found guilty when charged under the section in the present code. I do not think I can illuminate the matter very much more than that. I am sure my hon. friend has read in the newspapers on numbers of occasions, if he is at all interested in items of this sort, of men or women being brought before a court under this section, and in actual point of fact the magistrates' courts do not seem to have any great difficulty in hearing such

matters and in holding in proper cases that the accused is guilty and in other cases dismissing the charge.

While I do not hold myself out in any sense as an authority upon this branch of the law, I do not think a man would be brought up merely because he was looking for work. But if, for example, it is notorious in the police force that he is always being around and never working, and cannot give a satisfactory account of the means by which he carries on in that way, I suppose they would lay a charge against him. Then it would be for the magistrate to decide upon the evidence in the case that came before him whether he thought the charge had been proven.

Mr. Diefenbaker: I find it difficult to understand why so many changes were made in the vagrancy section. A reading of the marginal note would indicate that the new section 164 constitutes sections 238 and 239 of the code. I am afraid this has been widened altogether too much. First I am going to read the old section 238, which is and has been the law of vagrancy for a very long time. It reads as follows:

> Every one is a loose, idle or disorderly person or vagrant who,
>
> (a) not having any visible means of subsistence, is found wandering abroad or lodging in any barn or outhouse, or in any deserted or unoccupied building, or in any cart or wagon, or in any railway carriage or freight car, or in any railway building, and not giving a good account of himself, or who, not having any visible means of maintaining himself, lives without employment;
>
> (b) being able to work and thereby or by other means to maintain himself and family, wilfully refuses or neglects to do so.

Then paragraph (c) deals with indecent exhibitions. Paragraph (d) reads:

> (d) without a certificate signed . . . by a priest, clergyman or minister . . . wanders about and begs . . .
>
> (e) loiters on any street, road, highway or public place, and obstructs passengers . . . or by using insulting language . . .
>
> (f) causes a disturbance in or near any street, road, highway or public place . . .
>
> (g) by discharging firearms, or by riotous or disorderly conduct in any street or highway, wantonly disturbs the peace . . .
>
> (h) tears down or defaces signs, breaks windows or doors or door plates . . .
>
> (i) being a common prostitute or night walker, wanders in the fields, public streets or highways . . .
>
> (j) having no peaceable profession or calling to maintain himself by, for the most part supports himself by gaming or crime, or by the avails of prostitution.

In the sincere desire to unify, the section now reads:

> (1) Every one commits vagrancy who
>
> (a) not having any apparent means of support
>
> (i) lives without employment . . .

I think that is widening the law of vagrancy to too great an extent. In an endeavour to unify, the law of vagrancy will now cover anyone who, not having any apparent means of support, lives without employment. I believe that goes too far. I think it could be used in its new form in a manner that would be unjust and unfair.

Mr. Garson: Would my hon. friend care to say in what way that paragraph differs from 238(a) which he quoted before?

Mr. Diefenbaker: Because the words "is a loose, idle or disorderly person or vagrant" are omitted. The authorities to which the minister referred were based on the words "loose, idle or disorderly". The omission of those words—

Mr. Garson: If my hon. friend will look he will see that the existing law reads:

> Every one is a loose, idle or disorderly person or vagrant . . .

Mr. Diefenbaker: Yes.

Mr. Garson: The vagrant is the loose, idle or disorderly person.

Mr. Diefenbaker: With due respect and, as the minister would say, after reflection, the word "vagrant" will be interpreted as it always has been in the courts, according to the *ejusdem generis* rule, and as incorporated in vagrancy, the loose, idle or disorderly qualities.

I am very much concerned about this section in its present form. I see no reason why the experience of years which required that the crown should prove that a person was indeed, by his conduct, a loose, idle or disorderly person, should not be used today. I feel that the courts will conclude that any person who does not appear to be working at the moment, and who has no apparent means of support, will thereby be guilty of vagrancy. I would suggest the addition of the words "loose, idle or disorderly person" because as you know, sir, vagrancy is one of those sections that is too often used to convict. I do not want to see, and I am sure parliament does not want to see, the offence of vagrancy extended beyond what it is today.

This brings to mind one further reference that I am going to make at this time. In the general amendments to the Criminal Code something should be done to remedy the situation which results in a jail sentence in default of the payment of a fine. Under our law many persons go to jail when a conviction is registered because the alternative is jail, and the person is unable to pay the fine. This reform was brought in some years ago in Britain, and it has resulted in tens of thousands of those who were unable to pay fines, and who would otherwise have gone

to jail, being freed from the stigma that falls upon a person who is sent to jail. I feel that in this section the door will be opened too widely to the conviction of those who have no apparent means of support, and live without employment.

One does not want to bring up personal examples, but I know I can say with authority of personal knowledge that there have been occasions when members of this house would have been in that position. They were not loose, idle and disorderly; they just could not get jobs. They were living, for the moment, without employment. They did not have money in their pockets. I believe that if we do not maintain the present provisions of the law of vagrancy we will make it, as I said once before, a passport to jail because of poverty. I would suggest that consideration should be given to adding to this section the provision that everyone who is a loose, idle or disorderly person commits vagrancy if he does those things enumerated in paragraphs (a) to (e).

I find it difficult to understand why, in the interests of comprehensiveness and unity, these words were removed. If I know anything about the authorities in the past, on each occasion the judges have stated that an isolated instance is not sufficient to make a person a loose, idle or disorderly person. That is a state of mind that must be continuing. The omission of these words makes it possible for a person who is not working at any particular time, and therefore apparently living without employment, to be brought before the courts and charged with being a vagrant. As I see it that is dangerous, and I suggest reconsideration of this section.

Mr. MacInnis: I am in complete agreement, Mr. Chairman, with the hon. member for Prince Albert. I am glad that a person who has a good knowledge of the law can explain these things, because there are those of us who, no matter how well intentioned we might be, are unable to do so. I found that when we were sitting on the parliamentary committee last year there was a member who was of great help to us because of his legal training.

I think it would be a mistake to have the offence described as not having any apparent means of support or living without employment. These days a great many people live without employment because they cannot get employment. For that reason I would be glad to have the minister give consideration to inserting the words mentioned by the hon. member for Prince Albert.

[Mr. Diefenbaker.]

I should like to know what is meant by paragraph (c) which reads:

—being a common prostitute or night walker is found in a public place and does not, when required, give a good account of herself;

What kind of account would a person in those circumstances give that would be considered good? It occurs to me such a person would find it very difficult to give a good account of herself. I am wondering just what those words may mean, and just exactly what kind of account such a person would have to give to satisfy the law enforcement authorities.

Mr. Henderson: I should like to say a few words on this section, if I may. First of all I might say that I am quite sure no one wants to place the name of vagrant on any citizen, especially in a civilized community. I do not think any police officer would like to take someone from his community and put him in jail without real cause. I feel that our police, no matter at what level in Canada today, properly administered will protect us so that no one will be picked up without good reason.

I think there is another point. Today we hear from all sides of this chamber and from various organizations that we want to protect this country from communism, which we do not want here. This might be a very good section that we could use, with discrimination, to rightfully pick up certain persons within the confines of the law.

We must give the police every opportunity to do their part in the administration of justice in our country. This is particularly true because at the present time Canada is growing very rapidly and is expanding industrially. There is considerable activity in housing and other things of that nature. Therefore we must put ourselves in the position of giving those who are going to administer the law in these communities the best opportunity to do it properly. If we read clause 164(1)(a)(i) we see that it says:

Every one commits vagrancy who, not having any apparent means of support, lives without employment.

The protective word in the subparagraph is the word "lives" because, as I understand it, it would not be the fact that for one day he did not have food; rather the reference would be to the fact that he lived over a period of time, and with the qualification as set out in the section, "not having any apparent means of support".

Therefore I do submit that we would not allow a person to go on living without employment over a period of time, such as is implied in the word "lives", without any apparent means of support. If one of our

fellow citizens is doing that it might be well to have him brought before a court so that his character and past activities could be investigated. In many instances there would be no other means of investigating such circumstances other than by bringing him before a court, because there might be certain activities he had been carrying on that could not be investigated. I feel that the clause as it stands, for the reasons I have given, would cover what we are trying to do in this revision of the Criminal Code.

Mr. Fulton: I venture into this matter with some diffidence because, like the Minister of Justice, I have not had any experience in cases under this particular clause. But I wonder if the minister would not agree with me that there is some force in the argument that what is being done now is changing the offence from one of being to one of doing.

In other words, previously the offence was one of being a loose, idle or disorderly person, or vagrant. Now the offence is specifically made that of doing something. Previously, in order to establish that a person was a vagrant—that is, that he was guilty of the offence of being—it was necessary to allege and show a course of conduct. But it was still necessary to establish from that course of conduct that he was a loose, idle or disorderly person, or vagrant.

In other words, you had to establish two things; first, that he had been guilty of a certain course of action or conduct, and then, based upon such conduct and upon his general character, that he was a loose, idle or disorderly person, or vagrant. Now you do not have to establish that he is a loose, idle or disorderly person. You merely have to establish a certain set of facts with respect to conduct, one of which is that he lives without employment. You do not have to go any further than that to prove that he is a loose, idle or disorderly person, and he may stand convicted on the mere fact that he lives without employment.

I base that argument upon the authority of Tremeear, page 256, where it says:

> Sections 238 and 239 are unusual, in that the offence here dealt with consists not in doing, but in being. The doing of one or other of the things specified in section 238 makes the person a vagrant, but is not in itself the offence.

I couple with that a citation from the supplement to Tremeear, which contains the recent case of Rex *v.* Konkin (1949) 2 Western Weekly Reports, at page 1225. This is a direct quotation from the judgment in that case, as follows:

> The essence of the offence of being a loose, idle or disorderly person lies in a course of conduct. This may not be proven satisfactorily without evidence anterior to the particular date and consistent with the appellant's conduct on that date. The account must be "good" in the sense that it negatives the existence of the other ingredients (viz. wandering abroad and lacking visible means of subsistence).

So it seems to me that case establishes clearly that not only must one prove certain conduct or action, but he must also prove that this conduct, together with the accused's general character, make him a vagrant. But if an accused can establish that he is of good character, and his antecedent history negatives the assumption of vagrancy, that is a good defence to the action.

I do not think that defence will be available any more, because he no longer has to be proved to be a loose, idle or disorderly person, or a vagrant, but merely has to be proven to have indulged in a certain course of conduct as set out in the clause. So I think one of the elements of the offence has been removed by the very substantial change in the wording of the new proposed clause.

Mr. Garson: Perhaps, Mr. Chairman, we might call it six o'clock. I was going to say that I think the hon. member for Kamloops has provided the answer to the argument of the hon. member for Prince Albert.

Mr. Fulton: Oh, no, I have not.

Mr. Garson: And I shall explain why when we resume at eight o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 164—*No apparent means of support.*

The Chairman: We were dealing with clause 164 when the committee rose at six o'clock. Shall the clause carry?

Mr. Knowles: Just a minute; we were discussing this at six o'clock.

Mr. Garson: One of the purposes in the drafting of this new consolidated code was to condense what over the course of some 60 years had become a pretty voluminous and wordy document. In the terms of reference to the commission the members were specifically instructed to bring the code into as short a compass as possible, consistent with preserving its meaning, and that is what they have endeavoured to do in this section which is now before the committee. If any hon. member wishes to compare the extent of the present section with sections 238 and 239, which it replaces, he will see, at least in my judgment, that very much the same ground has been covered with fewer words.

In this clause, concerning which so much discussion took place this afternoon, "every one is a loose, idle or disorderly person or vagrant" was apparently regarded by the commission and by the legislative bodies which have dealt with it since as being a synonym for vagrant. Hon. members will observe that in the corresponding section of the existing code, and in the case law which has been decided upon this corresponding section on every occasion on which this term has been used they include the whole phrase, "loose, idle or disorderly person or vagrant". Since one of the main purposes in redrafting the consolidated code was to get away from this voluminous and archaic language, the members of the royal commission employed just the one term "vagrancy" in this section.

While I have the greatest of respect for the views expressed by those who took part in the debate this afternoon, especially the hon. member for Prince Albert, whose experience in this branch of the law far exceeds my own or, to put it in stronger terms, that of most other hon. members of this house, I am inclined to think that perhaps Chief Justice Martin of Saskatchewan, who was the chairman of the commission, Mr. Justice Fernand Choquette of the Quebec superior appeal court, the court of Queen's Bench of Quebec, and Judge Robert Forsyth, the senior county court judge of the county of York, all of whom have had a great deal of experience in the interpretation of the code, are men whose authority in this matter would not suffer in comparison even with the great authority of the hon. member for Prince Albert.

Therefore I am rather on the horns of a dilemma. I do not want to win an argument; I want to have a good code, and if the use of the words "loose, idle or disorderly person" would be conducive to that end I would be quite willing to accept them and put them in the relevant sections of Bill 7.

I do not think the members of the commission, who are all conscientious people, men who worked very hard on this task for a long period of time, would have drafted clause 164 in its present form if they felt that in doing so they were exceeding their instructions by making any substantial change in the law. Personally I would favour adhering to the language which they have employed, but rather than spend a very long time labouring a point of this kind, I would prefer to employ this phrase "loose, idle or disorderly person", if it will make all the hon. members of the committee who have been arguing along these lines feel that we shall have a better clause if we put these magic words back into it.

If the feeling is very strong on the part of hon. members I would wish to meet them. On the other hand I must confess that I would very much prefer to adhere to the language which was approved by the commission and by all of the legislative bodies which have considered this clause. I am in the hands of the committee in that regard; but I do not think that the difference between those two choices is important enough for us to spend a great deal more time upon it.

Mr. Knowles: May I suggest to the minister that if he finds himself on the horns of a dilemma in trying to choose between the views of Chief Justice Martin of Saskatchewan and the hon. member for Prince Albert, both very eminent men in their profession, he might well consider the views that laymen have expressed. The hon. member for Vancouver-Kingsway put it very clearly this afternoon. If I remember correctly, I believe I was the one who started the discussion on this section, by asking whether its language did not seem a bit wide. It strikes me that the plain, ordinary citizen, taking the plain ordinary meaning that is in these words, would feel that this would make it possible to lay a charge of vagrancy against people on very flimsy grounds. In my view, the minister would do well to insert that phrase in the clause at the appropriate place.

Mr. Fulton: I am quite sure everyone will approve what the minister said and the attitude with which he is approaching the matter. But for the reasons given this afternoon by the hon. member for Prince Albert and, with some deference, the argument advanced by myself and by the hon. member for Winnipeg North Centre and others, I feel that it is appropriate to urge that the words "being a loose, idle or disorderly person" should continue to form part of this section so that it will be necessary, in addition to proving the allegations with respect to the condition of the person, to show that he is a loose, idle, or disorderly being.

I had drafted an amendment, but I do not want to thrust it forward if the minister has one ready which might be in better form. I was going to suggest, and I put this forward only as a suggestion, that the clause be amended by inserting in subsection 1(a) immediately before the word "not" the following words:

being a loose, idle or disorderly person or vagrant and

The section would then read:

(1) Every one commits vagrancy who
(a) being a loose, idle or disorderly person or vagrant and not having any apparent means of support

Then follow the other paragraphs. I put that forward only as a suggestion, because I think it emerged from the discussion this afternoon that it was felt, particularly with respect to paragraph (a), that the use of the words in question should be continued, that is the words "loose, idle or disorderly person." That is why I drafted my suggestion.

Mr. Garson: One of the difficulties about this matter is the multiplicity of opinions. As I understand the point made this afternoon by the hon. member for Prince Albert it was that he preferred to revert to the language of section 238 from which clause 164 was taken.

Mr. Fulton: I would agree with that. I did not think the minister would be prepared to go quite that far, but if he will I would agree entirely.

Mr. Garson: I was wondering if it might be achieved in this way:

164. (1) Every one is a loose, idle or disorderly person and commits vagrancy who—

Then follows paragraph (a) and so on.

Mr. Fulton: That is right.

Mr. Garson: I am afraid it is going to be most difficult to get a wording with which everyone will agree. If the hon. member for Winnipeg North Centre will look at section 238 from which this clause 164 was taken, what we are discussing is a change in the wording from the way it stood in that section to the way it stands in this present clause 164.

Mr. Knowles: May I draw the attention of the minister to the difference between section 238 as it formerly read and what the minister now proposes. The section reads:

Every one is a loose, idle or disorderly person or vagrant who,
(a) not having any visible means of subsistence, is found wandering abroad—

If you simply put those preliminary words of section 238 into clause 164 you produce this result: Every one is a loose, idle or disorderly person or vagrant who, not having any apparent means of support, lives without employment. That is defining as a loose, idle or disorderly person anyone who just happens to be broke and without a job.

Mr. Fulton: I could not possibly accept the minister's suggested amendment.

Mr. Garson: If I may deal with these matters one at a time, referring to the remarks just made by the hon. member for Winnipeg North Centre, if he will look at the end of paragraph (a) of the present section 238 he will see that it is a long paragraph containing a great quantity of language. It was to avoid a repetition of these great quantities of language that an attempt was made by the commission to cast the substance of that section into a more condensed form.

If my hon. friend will look at the bottom of (a) of 238 he will see, "not having any visible means of maintaining himself, lives without employment". That is the language which is carried into the new clause 164. The hon. member for Prince Albert I must confess speaks on this matter with a great deal of authority, because he has had considerable experience in this field of law. He contended that the case law which had been decided on the term "loose, idle or disorderly person or vagrant" might be undone if we were to change that phrase. I do not agree with his view in that regard, and I have cited these other gentlemen who apparently do not agree with him.

On the other hand I cannot see that any great harm can come about through retaining these words. They are only five or six more words. That was my reason for suggesting that we might use the same phrase upon which these various cases referred to by the hon. member for Prince Albert had been decided and say, as is said in the present section 238:

Every one is a loose, idle or disorderly person or vagrant who—

—and then go on with the section as it stands. Let us be clear upon one point. There is no possibility whatever of meeting all the varied views that have been expressed during this debate. We have to have one clause 164: we cannot adopt simultaneously half a dozen variations of that clause. In what I am saying now I am trying to go a considerable distance, I must confess without any great amount of conviction upon my part, to meet the views of the committee, and in particular this argument of the hon. member for Prince Albert to the effect that we would be undoing case law by using a different phrase.

Mr. Fulton: Mr. Chairman, as I said before, everyone must appreciate the effort being made by the minister to meet our views. It is therefore with some diffidence—I ask the minister to believe that those words are used in their exact literal meaning—that I advance the suggestion that his amendment does not actually meet the point of view put forward. It seems to me that the suggestion which has been made would in fact create

two offences, or a double-barrelled offence. As I understand the minister's amendment the clause would then read:

Every one is a loose, idle or disorderly person and commits vagrancy who—

Is that correct?

Mr. Garson: That is right.

Mr. Fulton: That would mean that you would be making the fact of living without apparent means of support both the offence of vagrancy and the definition of a loose, idle or disorderly person.

Mr. Garson: Will my hon. friend answer me this question?

Mr. Fulton: I will try.

Mr. Garson: The present section 238 says:

Every one is a loose, idle or disorderly person or vagrant who—

That loose, idle or disorderly person is not a vagrant, because it says "every one is a loose, idle or disorderly person or vagrant" who does this, who does that, who does so-and-so. When he does those things he becomes, in the terms of the section, a loose, idle or disorderly person or vagrant.

The commission regarded that as being slightly ridiculous, but since the offence was in a certain course of conduct which was prohibited by the section it was not necessary to cart with you as you went along all these words. "Every one is a loose, idle or disorderly person"—

Mr. Fulton: That is exactly the point.

Mr. Garson: Let me finish it.

Mr. Fulton: You asked me a question; I had the floor.

The Chairman: The Minister of Justice has the floor.

Mr. Fulton: I conceded the floor to permit the minister to ask a question.

The Chairman: The Minister of Justice has the floor.

Mr. Garson: The only point of order I raise is that I be permitted to finish the sentence.

Mr. Fulton: You were asking a question and I conceded the floor for that purpose.

Mr. Garson: In section 238, the existing section, there were listed under subsections (a), (b), (c), (d), (e), (f), (g), (h), (i) and (j) different kinds of actions which were prohibited, and at the head of all of them this statement is made in plain terms:

Every one is a loose, idle or disorderly person or vagrant who,

—does any of the acts under subsections (a) to (j). What the commission set out to do in the new clause 164 was to define this substance in a more condensed form namely that everyone commits vagrancy who does any of the acts set out in subsections (a) to (c) of clause 164. Now, according to opposition argument there is some magic merit in using six words to refer to vagrancy. I do not think personally that there is. But if there is some advantage to the accused arising out of the decisions that have been made by the courts upon this long phrase which it is desirable to retain, I am merely proposing that, in an endeavour to meet the views of those who have suggested during this debate that there is such an advantage, and in order to have everyone in the committee feel that we are trying to be fair to the accused and not taking away any possible rights which he may have—if, as I say, there is magic in this long phrase in the present section that "Every one is a loose, idle, or disorderly person or vagrant who" and so on, then let us use it. I do not know how much further than that we can go in order to meet the views of the hon. members for Prince Albert, Winnipeg North Centre, Kamloops, and half a dozen other hon. members, especially if, as it appears, they do not agree with one another.

[Mr. Fulton.]

Mr. Fulton: But we do. Mr. Chairman, that is the longest question I have ever heard even from the Minister of Justice. If you recollect, he rose to his feet and interrupted me to ask if he could put a question. I consented, and he has now gone on for some five minutes. In the course of his purported question he has laid his finger on the whole weakness of this case, because what we are objecting to is the wording in the proposed clause, which substantially changes the law and makes inapplicable case law previously decided. What the minister has said, and it is very true, is that this clause and his proposed amendment to it try to carry into force the objects of the commission.

Our point is that the decision of the commission went beyond the terms of their reference and the scope of their authority to the extent of effecting a change of substance in the law. The minister said in the course of his argument on this question, and I have taken down his words, that the commission decided, in accordance with the law based on the present code, that the offence is a certain course of conduct. Case law based on the present code is that the offence is an offence of being a vagrant, not a course of conduct. The whole point at issue here—

Mr. Garson: But—

Mr. Fulton: Is the minister going to ask another question? If he is I do not think I

can permit him, because I cannot carry on my argument with five-minute interruptions.

Mr. Garson: I was going to contradict your statement.

Mr. Fulton: The minister says he did not state the law correctly and I am prepared to agree, but—

Mr. Garson: I was going to contradict your statement.

Mr. Fulton: My statement on law is based upon the authority of Tremeear and on the cases quoted in Tremeear to which I have already referred the minister, at page 256. Sections 238 and 239 are unusual in that the offences which were dealt with consist not in doing but in being, in other words not doing certain acts which create the offence of being a vagrant. That is followed up by a multitude of cases which are cited. The minister has said the commission decided that the offence is a certain course of conduct. That is diametrically opposite to the present state of the law, so we could not have clearer proof that the proposed clause 164 changes the law as it has been in existence under section 238 for many years.

The minister's proposed amendment, I regret to say—I do not want to use strong language, but as I started to say when the minister rose to ask a question, we do appreciate that he is trying to accommodate us. I can only repeat very briefly—

An hon. Member: And make it brief.

Mr. Fulton: —that the proposed amendment by the minister is the change we are trying to eliminate, in that it changes an element in the offence, namely of having carried on a certain course of conduct and not being a vagrant.

The minister has said that he has proposed his amendment because he thinks it comes closest to meeting the views of the hon. members for Prince Albert, Winnipeg North Centre, Vancouver-Kingsway and myself. I have had the opportunity for only a very brief discussion with my colleagues on this side of the house, but I formed the impression that my proposed amendment comes much closer to being a common denominator of our views. I therefore move that clause 164 be amended by inserting in subsection (a) (i) immediately before the word "not" the following words:

Being a loose, idle or disorderly person, and

The clause would then read:

Every one commits vagrancy who
(a) being a loose, idle or disorderly person, and not having any apparent means of support
(i) lives without employment

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Fulton) negatived: Yeas, 20; nays, 54.

The Chairman: I declare the amendment lost. Shall the clause carry?

Mr. Fulton: On the clause as a whole I want to make one comment. I brought the matter up earlier, and it has been mentioned several times in the course of this discussion. I hope I shall not have to comment on it again. I have heard on a number of occasions suggestions that lawyers like changes in the code. What we are trying to do, have tried to do and will try to do from time to time throughout the discussion of the code is prevent changes in the substance of the law, because I know very well that changes in the substance of the law are going to result in an immense amount of litigation with great inconvenience to clients and expense to persons who would otherwise have had good defence in law as it previously existed.

Indeed, I am a little bit tired of hearing some hon. members, I suppose in an endeavour to score a point, sneer at the lawyer. Our object is to endeavour to retain the established, clearly understood, and frequently interpreted applied form of wording. The reason we do so is that these words are clearly understood by the courts. Their application is hallowed by long usage, and lawyers are able to advise clients on where they stand under the law as it exists.

What is being done too frequently throughout this bill is not a process of codification and consolidation but changes in the substance of the law which are going to cause great expense to litigants amongst whom I hope the hon. member who made the interjection will never find himself, because it will cost him a lot more after the code has been changed than it ever would have cost him before.

Mr. Cameron (Nanaimo): Whenever I hear a group of lawyers arguing about the law I understand why that character said the law is an ass, and I wonder sometimes if it is the law that is the ass.

Mr. Fulton: You are not putting yourself in a very much better light than the law.

Mr. Cameron (Nanaimo): Let us take section 164 and try to see what the first part of it means. I suggest that it means nothing whatever.

Mr. Fulton: It meant something in the old form.

Mr. Cameron (Nanaimo): I doubt whether it meant anything in the old form, and I would remind the hon. member for Kamloops that under the old form plenty of people were arrested who should not have been arrested. If he does not know that—

Mr. Fulton: There will be far more now.

Mr. Cameron (Nanaimo): All right; just a moment. You had the floor for a long time.

The Chairman: Order.

Mr. Cameron (Nanaimo): I am going to suggest this view, that the way it is worded it means that we actually consider that someone who lives without employment is committing a crime. What we really think is that somebody who lacks employment and visible means of support may commit a crime. That is what we are afraid of. The same applies to the second part. We do not really believe that someone who is found wandering abroad is *ipso facto* a criminal. We are afraid he may be wandering abroad in order to commit some crime.

All right. Let us wait until he commits a crime. Let us set out quite clearly what the crimes are. In the remainder of this section a few crimes are set out such as begging from door to door or in a public place, or being a common prostitute or night walker. I do not know if the minister can tell us what the difference is, whether it is the day shift and the night shift.

Mr. Garson: I am not an authority upon that subject.

Mr. Cameron (Nanaimo): It is a crime for a woman to be a common prostitute or night walker found in a public place and not, when required, give a good account of herself. Then it also deals with a person who supports himself in whole or in part by gaming or crime. These are the things about which we are really concerned and against which we should have protection.

I suggest that we could well wipe out the whole of paragraph (a) without in any way endangering our control over such people, and by wiping out that paragraph we shall obviate the very real possibility that in time of depression we will again have unfortunate men slapped into jail on a charge of vagrancy merely in order to dispose of them.

Mr. MacInnis: I think what we have to be careful about here is to see that we do not make the fact that a person has no visible means of support a crime. The minister shakes his head, but let me read this as it appears to a layman. It reads:

> Every one commits vagrancy who
> (a) not having any apparent means of support . . .

[Mr. Fulton.]

It seems that all the other things mentioned here as crimes are predicated upon not having any apparent means of support. That is the way it appears to me.

> Every one commits vagrancy who
> (a) not having any apparent means of support
> (i) lives without employment, or
> (ii) is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found . . .

It is obvious that if he had some apparent means of support these things would not apply to him. The only time I was ever in court was when I went bail for a man who was accused of vagrancy. I think the case was appealed from the magistrate to the county court, and I thought the man was very lucky to come before the judge he did because he would not hear any evidence except with respect to whether the man had visible or apparent means of support and whether or not he was wandering about as set out in the old sections 238 and 239. But I do insist that what makes one a vagrant under this clause is having no apparent means of support. A person is also liable to arrest for doing any of these other things. There are many people who are idle but who have the means to live, and this would not apply to them at all. At this particular time when unemployment is increasing I want to be sure we do not make unemployment and want a crime.

Mr. Johnston (Bow River): It seems to me this section certainly needs modifying. I think the minister will agree that no matter what explanation is given here by the minister or by any other member of the house, such explanations will have no effect when the clause comes before the courts. It is their duty to take it exactly as it is written. While I do not profess to be a lawyer, the words seem very clear to me. It says:

> Every one commits vagrancy who
> (a) not having any apparent means of support
> (i) lives without employment . . .

The only evidence that might be heard would be as to whether or not the man was employed and whether or not he had any visible means of support. That is certainly what it indicates, and no other crime would be involved before the court except the charge of vagrancy for having no apparent means of support. If this provision is really enforced it seems to me the courts will be overrun, because now we have the beginning of a rather large unemployment problem. Unemployment means exactly what it says here, that the man has no means of support, and he could not get any means of support no matter how he tried because a job just is not available. This seems to me to be a very vicious section. If it does not mean

that, I am sure the committee will be interested to learn what the minister's interpretation is.

Mr. Barnett: I should like to say a word on the same point before the minister replies. I am aware that some considerable time earlier in these proceedings the minister attempted to explain that these words "living without employment" did not mean what they say. At least that is my reaction to it. I also recall that earlier in the discussion on this bill he suggested that one of its purposes was to attempt to put in language which the average citizen could understand more easily the catalogue of crimes that we are prone to commit. I think the reaction of a number of those who have spoken makes it clear that, apart from some of the experts on the matter, the phrase "lives without employment" does create a very grave doubt in the minds of some of us about accepting the clause as it stands.

I think it also goes without saying, as one or two other members have mentioned, that a recollection of what occurred in the early 1930's is fixed very firmly in the minds of some of us. I know I have a recollection of people telling me their personal experiences with respect to how the clause was used, or the threat of the clause was used, to keep men moving from pillar to post across the country. Certainly when we come to a revision of the code it seems to me we should make very sure that no similar use of this clause is made in this country in the future.

With respect to the meaning of the words "living without employment", the question that has been in the back of my mind for some time is, if the meaning of that clause is as restricted as the minister suggested, why is it necessary to have subsection 3, which states that the provision shall not apply to the aged or infirm? I interpret that to mean it does not apply to those who are unemployable in the ordinary sense of the word. The fact that this subsection has been inserted would indicate to me that anyone who is in normal health and in normal working years is liable under this clause if he happens to be living without employment at any particular time.

Mr. Garson: Mr. Chairman, first of all I think I should reaffirm for the fourth or fifth time that this clause which is before the committee is the expression of the substance of the present sections 238 and 239 that have been in the code for many decades. We are not, therefore, embarking here on some new, untried law. As the hon. member for Prince Albert said this afternoon, this law has been interpreted on many occasions before the courts of nearly every province of Canada. I do not mean the magistrates' courts; I mean that a conviction which had been registered against an accused in the magistrates' court has been carried to the courts of appeal. The law has been argued, and the case reported in the case books.

The very case the hon. member for Kamloops cited, I thought inaptly to his argument, just before the dinner recess, that of Rex *v.* Konkin, decided in 1949 by Mr. Justice O'Halloran of the court of appeal of British Columbia, stated this:

> The essence of the offence of being a loose, idle or disorderly person lies in a course of conduct.

My hon. friend says it is when they do something. It is not only necessary to do something but they have to keep on in that course in order to fall within the terms of the section. The hon. member for Vancouver-Kingsway is correct when he says that one of the ingredients of the offence is being without employment. That is quite true, but merely being without employment does not constitute the offence. The offence is this course of conduct, and as Mr. Justice O'Halloran says:

> This may not be proven satisfactorily without evidence anterior to the particular date . . .

That is, if they pick up John Jones and charge him with vagrancy, then bring him in and say he was wandering around, they cannot convict him without proving a course of conduct of the same sort before that particular occasion on which he was picked up.

Mr. Fulton: That is under the present law which makes you prove him to be a loose, idle—

Mr. Garson: True that is under the present law; but I would affirm to my hon. friend that the new law does not make any change at all in that regard. Let me take another case to illustrate what I mean. Take the converse of what I have said. Here is a case where a man was brought up and was acquitted. This is the case of Rex *v.* Law, 1924, 42 Canadian Criminal Cases, 124. The judge states:

> It shocks my sense of justice to hold that a respectable citizen, and there is nothing in the evidence before me to show that accused is not a respectable citizen, should be dubbed a vagrant simply because he had blocked the sidewalk through causing a disturbance . . .

Apparently this man had been raising a little ruckus. They had arrested him and brought him along to court. His case came before the judge, and the judge said it shocked his sense of justice that he should be dubbed a vagrant simply because he had blocked a sidewalk through causing a disturbance.

> I feel that it could not have been the intention of the parliament of Canada to brand a man as a vagrant, unless there was something else to show that he was a loose, idle or disorderly person.

There is another case in my own province of Manitoba, a decision of Chief Justice Prendergast, in which he says:

> The terms, "loose, idle or disorderly person or vagrant", convey, in their ordinary meaning, if not necessarily a uniform method of living or a constant habit, at least a condition or manner of behaviour of some duration, and something more at all events than a single act, or even occasional acts spread over a somewhat considerable space of time.

So the manner in which this section of long standing in our law has been interpreted by the courts I think protects the accused against any of the results which have been described by the hon. member for Vancouver-Kingsway or the hon. member for Bow River.

Mr. Fulton: But you are taking out the words "loose, idle or disorderly person", so you do not have to prove him to be that sort of person any more.

Mr. Garson: I suggest to my hon. friend if he examines all the cases carefully he will see that in every instance they were decided by a course of conduct, and they will continue to be decided by a course of conduct when referring to the gentleman as a vagrant.

Mr. Fulton: You do not have to refer to him as a vagrant. All you have to say is that he committed vagrancy.

Mr. Garson: Put it in any language my hon. friend wants to specify, but he does not commit vagrancy except on the basis of a course of conduct.

Mr. Fulton: Not any more.

Mr. Garson: I prefer, if my hon. friend will not object to my saying so, the view of the chief justice of Saskatchewan, Mr. Justice Choquette, and Judge Forsyth, to that of my hon. friend.

Mr. Michener: May I ask the minister a question? It is quite possible that the course of conduct of which the minister speaks could be completely orderly. There is no need for the course of conduct to be disorderly in any sense. It seems to me that is the point we have in issue here. A person might have no money and no job, and even though he is a law-abiding, respectable citizen in the sense that he is not offending against any particular section of the code, just because he has no apparent means of support he might be liable to prosecution for vagrancy. It seems to me that is the difficulty under this section. I suppose this is a section which is used to hold people who are suspected of crime when there is no other means of booking them, as the policeman says, and keeping them until some investigation is made. It is conceivable that injustices might occur, as I suppose have occurred to many people in the past when they have been booked as vagrants when they were simply vagrants in the sense that they were drifters, hoboes or perhaps simply unemployed.

Mr. Garson: I would challenge my hon. friend—I say this most amiably—to cite any case decided under this section in which the condition of which he spoke was the basis for successful prosecution.

Mr. Michener: That is, where the conduct was quite orderly?

Mr. Knowles: What about a defeated M.P. the day after an election?

Mr. MacInnis: There seems to be a very keen difference of opinion here, and there must be at least some basis for it. Is this clause changed so much from sections 238 and 239 that the appeal court decisions mentioned by the Minister of Justice do not now apply?

Mr. Garson: No.

Mr. MacInnis: I understand the minister to say no and the hon. member for Kamloops to say yes. I am on the horns of a dilemma, as between two very prominent lawyers. But what I was going to suggest was that I found during the sittings of the parliamentary committee that the minister was very anxious to do the right thing. He did not take the position that he and his advisers knew all the law. Questions were referred back time and again. I suggest that this be allowed to stand and that, in view of the debate that has taken place this evening, the minister should look over it again and see if he can find an amendment which, while perhaps not satisfying everyone, would satisfy at least the thinking people in the chamber.

Mr. Low: Would the minister entertain a motion to delete clause (1) (a) so that it would read:

> Every one commits vagrancy who, not having any apparent means of support, is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found.

The chief bone of contention seems to be the question of living without employment. Well, I do not see any particular reason why a fellow should not live without employment, if he can, without being accused of committing some offence.

Mr. Garson: Mr. Chairman, let us be a little bit realistic about this. The living without employment in my view does not mean being out of work in the ordinary sense. The clause is aimed at the kind of criminal characters against whom the police may not be able to prove any offence, who are

there, moving around without employment—perhaps a man who is living on the avails of prostitution, but against whom that fact cannot be proved.

Mr. Low: But it does not say that.

Mr. Garson: That is exactly what it does say. He is round and about, to use one of Damon Runyon's terms.

Mr. Cameron (Nanaimo): If he had money in his pocket you could not convict him as a vagrant.

Mr. Garson: But in these cases, if we are to expect the police to protect society to a reasonable degree we have to leave some measure of discretion with them, and with the courts. If we were bringing into the house tonight a new section in these terms, that had not stood the test of time not for years but for decades, I would expect to meet some scepticism; for I admit there may have been cases with the judgments of the courts in which not everyone would agree.

But this is not a new provision; it has been in the law for decades, and I do not think very many instances can be shown where it has worked unsatisfactorily. I asked the hon. member for St. Paul's to cite one case in which the mere act of being respectably without employment had resulted in a man being brought before the court, and I doubt very much whether any such cases can be shown except, of course, those cases where, having been brought before the courts, they have been acquitted because the charge of vagrancy could not be proved against them.

I cited one of those myself. This was the case of a man who had created a disturbance, was brought up before the court and charged with vagrancy. The judge said, "No, so far as I know this man is perfectly respectable. The mere fact that he created a disturbance does not in my view entitle the crown to convict him of this charge."

Mr. Fulton: That is under the old law.

Mr. Garson: And I say to my hon. friend that I do not think the courts would undertake to interpret the new law differently.

Mr. Fulton: They have in a number of other cases.

Mr. Garson: We will deal with that when we come to those alleged cases. But if my hon. friend cannot establish it any better than he has established this one, it will not prove much.

Mr. Fulton: It was necessary to amend section 116, and even now it is still new law. It is absolutely necessary to go into this in detail. If the minister is disposed to have it stand, then I shall not press the point. However, I am prepared to make an argument, perhaps a detailed one, and one which will take some time. It is an argument which I think should be made.

I appreciate what the minister said, that he agrees with the view of the commission. And he is quite entitled to do so, just as I am quite entitled, with deference to the minister and the commission, to say that I do not accept that view. I feel so definite about it that I feel I must make an argument on the clause. I believe an argument can be made, and that it would be a good argument. As I say, I do not wish to make it tonight if the minister is disposed to let the clause stand. I can assure him, however, that I feel the argument must be made.

Mr. Garson: Of course I would like very much to hear my hon. friend's argument, because his arguments are always so interesting. But the amendment which my hon. friend moved was defeated. We all really want to get a good code, there is no question about it. We do not want to win arguments; we want a good code, so would my hon. friend be prepared to accept the suggestion I made a moment ago, of adding the words "loose, idle or disorderly person"?

Mr. Fulton: No.

Mr. Garson: If it would make my hon. friend any happier I would be glad to include those words.

Mr. Fulton: I am afraid they would be added in the wrong place and would have the opposite effect to what we are trying to do.

Mr. Garson: If my hon. friend will look at clause 164 he will see it is drafted so that the first five words are "every one commits vagrancy who" and then following those words we have paragraphs (a), (b), (c), (d) and (e). Now, if my hon. friend adds these other words as he proposes to do—that is, adds them only in (a)—it leaves them absent from (b), (c), (d) and (e).

Mr. Fulton: Yes, but the others are specific offences.

Mr. Garson: Probably so, but—

Mr. Fulton: Begging, or being a common prostitute; no question about those things being specific.

Mr. Garson: But what possible difference could there be? My hon. friend gets it in (a) in any event, and that is what he was seeking by his own amendment. He also gets it in the others, as well; and I think it makes for a more orderly section. I have checked this with our drafting officers and they tell

me it would be workable. I am prepared to offer that amendment to the clause, if there is agreement. But if I do not have agreement all we can do is listen to my hon. friend's argument and then have a vote on it.

Mr. Knowles: There will be more after he is through.

Mr. Garson: I hope my hon. friends are not trying to frighten me into submission by threatening to argue interminably.

Mr. Knowles: No, but we think the matter is serious.

Mr. Fulton: I hope the minister is still open to persuasion. I am sure he is, for the reasons advanced by the hon. member for Vancouver-Kingsway and in the light of his attitude in committee last year. I shall try to make my argument, but I regret that it has to be somewhat detailed.

The minister has said in effect that under the new proposed clause 164 it will still be necessary to prove a course of conduct. That phrase has been used a number of times, so I would like to look at it in some detail. As I understand it, the words "course of conduct" under the present section 238 are used in the sense of a consistent pattern of conduct extending over some considerable time. I refer there particularly to the case the minister thought I inaptly cited but which I think I aptly cited, namely Rex *v.* Konkin, where the words of Mr. Justice O'Halloran clearly prove that what is contemplated is a pattern of conduct extending over some considerable period of time, because he said:

> The essence of the offence of being a loose, idle or disorderly person lies in a course of conduct. This may not be proven satisfactorily without evidence anterior to the particular date and consistent with the appellant's conduct on that date.

So under the present section, then, you have the words:

> Every one is a loose, idle or disorderly person or vagrant—

But then in subsection (a) we have:

> not having any visible means of subsistence . . . or who, not having any visible means of maintaining himself, lives without employment.

Now, the cases, some of which have been cited previously and others to which I want to refer my hon. friend without reading them in detail, establish clearly, it seems to me, that the courts in interpreting section 238 have held that you not only have to establish a particular act, or a particular circumstance, that is, not having any visible means of maintaining himself as circumstance one, and living without employment as circumstance two, but particular circumstances which may exist at a particular moment of time.

They have held that in addition to establishing those particular circumstances you have to prove the course of conduct extending over a period of time, because you still have to prove that the accused is a loose, idle, or disorderly person or vagrant. And it is because of the inclusion of the words "Every one is a loose, idle or disorderly person or vagrant" that the courts have in effect laid down now, as the result of a long line of decisions, that not only have you to prove a particular circumstance, that is, not having any visible means of maintaining himself without employment, but you also have to prove this pattern of loose living which extends back over a sufficiently lengthy period to establish a pattern. If I am correct in my interpretation the reason that line of decisions has been established is the use of the words "Every one is a loose, idle or disorderly person".

Mr. Garson: No.

Mr. Fulton: I beg the minister's pardon? Perhaps I am not making myself clear, yet I cannot make myself clearer than by relying on the authority of Tremeear who, with great respect, I consider to be a greater authority than the commission on which the minister relies. Tremeear says that the sections:

> . . . are unusual, in that the offence here dealt with consists not in doing, but in being.

That is in being a vagrant, because you have done not just one act as alleged in the subsection, but you have done that or similar acts over a period of time, and that is what makes you a vagrant, what makes you a loose, idle or disorderly person.

Mr. Garson: May I ask my hon. friend a short question?

Mr. Fulton: Yes.

Mr. Garson: Does he think that the word "lives" means something that can be done in five minutes?

Mr. Fulton: Yes.

Mr. Garson: Or ten minutes, or a day?

Mr. Fulton: Yes, under the present section, or longer.

Mr. Garson: Lives without employment?

Mr. Fulton: Under the present clause so long as the body is warm they will say he is living, but living without employment.

Mr. Garson: In order to live without employment it has to be a continuing course of conduct.

Mr. Fulton: No.

Mr. Garson: Certainly.

Mr. Macdonnell: How long?

Mr. Fulton: Who is to say? The courts in the past have said that you have to prove this consistent pattern, because you have to prove that he is a loose, idle or disorderly person. That is the element of the offence. Now you have taken out the words, "loose, idle or disorderly person", and therefore all you have to prove is that he lives without employment. My point is that, having taken out those words, it will no longer be necessary to prove the consistent pattern, because it was owing to the inclusion of those words that the courts came to the conclusion that you had to prove a pattern in order to establish the vagrancy. What is there in the present section that shows you have to prove a pattern? Nothing.

Mr. Garson: Does the hon. member want an answer to that question?

Mr. Fulton: Yes.

Mr. Garson: The words "lives without employment". Do you mean to say that a man lives without employment if the police go to him and he does not happen to have a job or he does not happen to have a dollar in his pocket? That is not living without employment. Living extends over a period of time.

Mr. Fulton: As my hon. friend close to me says, if he dies without employment then he is not guilty, but if he lives without employment he may be guilty. How long under this clause does he have to live without employment?

Mr. Garson: The same question may be asked in relation to the old section; how long? You will not find that all judges will agree as to how long it is, but they will all agree that it must be for a period constituting a course of conduct.

Mr. Fulton: They agree it has to establish a pattern. The reason it has to establish a pattern is that you have to prove that he is a loose, idle or disorderly person. That was the element in the offence; and they held in effect that you cannot prove he is a loose, idle or disorderly person unless you establish a pattern. Under the proposed new clause you do not have to prove that he is a loose, idle or disorderly person. All you are going to have to prove is that he lives without employment, and then he is automatically a vagrant.

Mr. Michener: I should like to revert to the question I asked the minister which I do not think he answered, namely, is there in the section as it will appear, if this passes, any requirement of the element of disorderly conduct? The minister asked me if I could cite any cases. My concern is that there will be cases in the future in which people will be convicted of vagrancy. You may establish a pattern of conduct, as the minister says. That is living without employment. There is nothing necessarily disorderly in living without employment, nor is there necessarily anything disorderly in having no visible means of support. Therefore you can establish these two patterns of conduct and still not have any conduct that is in any sense disorderly or disruptive. I am asking the minister whether he differs with me in that interpretation?

Mr. Garson: Yes, I do differ with my hon. friend, but I might say that I do not wish to take up the time of the committee in pursuing any difference of that sort. I have said to all of my hon. friends who have advanced those arguments, and the argument which the hon. member for Kamloops has just developed, which turns on the words "loose, idle or disorderly person", that if there is any magic virtue in those words I am prepared not to argue any more but to put them in.

Mr. Michener: In subsection (a)?

Mr. Garson: My hon. friend is a little unreasonable. He not only must have those words, but he must have them exactly where he wants them.

Mr. Fulton: I am sorry, I think one is right or one is not, that is all.

Mr. Garson: The government is in a little different position from my hon. friends, in that we have the responsibility for the conduct of the bill.

Mr. Fulton: The minister wants them where he wants them.

Mr. Garson: Yes; and the reason I am suggesting that they be put where I have suggested—where I want them, if you wish to put it that way—is that I have conferred with my draftsmen, and they tell me that this is the proper place for them to go, and I accept their judgment on that. I do not know how much further we can go. I am quite prepared to put them in. We have been talking now for a couple of hours on this point, and without conviction I am prepared to concede it in order to bring the discussion to some sort of a conclusion. My hon. friend will not accept that. He says, "You must not only co-operate to the extent of letting me have those words, but I have to have them in a certain spot." Would he consider an amendment in these words:

Every one is a loose, idle or disorderly person and commits vagrancy who

And then would follow paragraphs (a), (b), (c), (d) and so on.

Mr. Fulton: No.

Mr. Garson: My hon. friend is quite irreconcilable. Might I suggest that I move that amendment, that we put the question and dispose of the matter in that way?

Mr. Fulton: I can only say, without being lengthy about this, that I am sorry my argument has not registered to the slightest extent with the minister. If he puts in the words in that form and in that place he is making it even more certain that you will not have to prove a course of action over a period in order to establish that a person is loose, idle or disorderly. You only have to prove that he lives without employment at a given moment in time, when you prove he has committed vagrancy. You also prove by that one single act that he is a loose, idle or disorderly person. That is the very thing that we are trying to avoid.

I am sure the minister is acting unwittingly and unintentionally and is not trying to pull a fast one, but I can only say that he is doubling the effect of the very thing the effect of which we are trying to minimize. I am sorry, but that is my view.

Mr. Garson: Let me put this to my hon. friend and his colleagues. The present section 238 which my hon. friend admires so much reads:

> Every one is a loose, idle or disorderly person or vagrant who,

Then it lists a lot of items and ends with these words:

> or who, not having any visible means of maintaining himself, lives without employment.

Does my hon. friend agree with those words, for the validity of which he has been arguing?

Mr. Fulton: The present section 238?

Mr. Garson: The present section.

Mr. Fulton: Yes.

Mr. Knowles: I think—

Mr. Garson: Just one at a time, please. This will necessitate other changes in clause 164, but perhaps the clause could be recast in this form:

> Every one is a loose, idle or disorderly person or vagrant who

Then would follow paragraphs (a), (b), (c), (d) and (e). Then we would come to subsection 2 which would read:

> Every one who contravenes subclauses (a) (b) (c) (d) or (e) of subsection one of this section is guilty of an offence punishable on summary conviction.

Mr. Fulton: Perfectly acceptable.

Mr. Garson: What about the other hon. members?

Mr. Fulton: The minister is suggesting leaving out the words "commits vagrancy". He is suggesting:

> Every one is a loose, idle or disorderly person or vagrant who

Then subsection (a) follows. It said previously:

> Every one is a loose, idle or disorderly person and commits vagrancy who

In effect the minister is suggesting leaving out the words "and commits vagrancy". I and my colleagues of the official opposition are perfectly prepared to accept that suggestion, because it goes right back to the old wording of 238 and does not add the words "and commits vagrancy".

Mr. Garson: That is fine. What do the members of the other party say?

Mr. Knowles: I regret to say that as far as I am concerned I still am not satisfied. The hon. member for Kamloops is suggesting that we may argue later, having got those preliminary words in, that the phrase "lives without employment" should be deleted. I can see that at some point we will have to do that, but it seems to me that one of the basic things wrong with this whole argument is that neither the minister nor the other lawyers have looked with questioning eyes at the wording of section 238.

The minister relies on the fact that section 238 has been there for decades. He contends that since the commissioners have reduced the verbiage in that section, therefore it is a job well done. My contention is that the thing that is wrong with the wording the minister now proposes for clause 164 was in fact wrong with section 238. I think section 238 was wrong, for it was saying that everyone was a loose, idle or disorderly person, that everyone was a vagrant who, not having any visible means of maintaining himself, lived without employment.

My view is that before the commissioners did the commendable job of compressing the verbiage in section 238 they should have put that phrase "loose, idle or disorderly person" in some other part of the clause. It should have been put in with a participle instead of with a verb. Even the words the minister is now suggesting will have the effect of doing what the hon. member for St. Paul's said they would a moment ago; they will declare that anyone who is without money and without a job, even though no disorderly conduct is alleged against him, is a loose, idle or disorderly person, and guilty of the

crime of vagrancy. It seems to me that is what was wrong with section 238 and that is what is wrong with what the minister is now proposing.

In both cases the wording starts out by saying that every one is a loose, idle or disorderly person who does such-and-such, whether he is disorderly or not. I submit that something along the lines of what the hon. member for Kamloops proposed some time ago would have been better. I realize that that has been voted down, but the minister might reconsider it. I believe the hon. member is trying to redraft it in a way that might still be in order.

I ask the minister not to rely on the assumption that because clause 164 is a nice editorial job in terms of condensing section 238, that necessarily means that it is good law. I still think it is unfair to say to any person who is without any visible means of maintaining himself and is living without employment that, *ipso facto,* he is a vagrant, he is loose, he is idle, he is disorderly, even if no charge of disorderly conduct may be laid against him. I submit that that is what would arise from the wording the minister now proposes.

I am a little surprised that the hon. member for Kamloops has agreed to it. Certainly we cannot agree that the law should say to a person who has no means of support and is without employment or, to use ordinary language, a person who is without money and without a job, that by virtue of that fact he is a loose, idle or disorderly person and therefore is guilty of the offence of vagrancy.

Mr. Hansell: Mr. Chairman, I must confess that with so much legal verbiage I am befuddled. I support the leader of this party in asking that the particular phrase "lives without employment" be deleted. I rise, as one who is very humble when it comes to legal matters, to support the tramps. I am wondering if a person has not the right to get along without working if he can. I do not know that there is so much wrong with being a tramp. It could be regarded as quite a high profession. A man has leisure; he has ease; he listens to the birds; he breathes a lot of fresh air, and as long as he does not bother anybody else, what is wrong with him? I rise in support of the tramps.

However, what I was going to say was that it occurs to me that no matter what words are used, in the end it will boil down to the administration of the law. What some of us are a little frightened of is that we might have a repetition of things that happened in the hungry thirties when, no matter how people tried to get employment they could not, and as a result young men who did not want to live on the small incomes of their families, and some of whose families did not have any incomes, were travelling from one end of the country to the other trying to eke out a living.

In those days, and I am sure the minister will agree, the law was not always administered in humanitarian fashion. I can give the minister a very choice example, though I shall not take up too much of the time of the committee to do it. I have a friend who was a clergyman, and he had no money. He was not paid very highly, because in those days even churches had quite a struggle to get through and pay their ministers. He decided he wanted to go to the old country to visit his relatives. Not having any money he decided to hitch-hike across the country, because hitch-hiking was the order of the day.

In spite of the fact that he was then in what I believe is a very respectable profession, that man learned how the other half of the world lived, and he brought a good many complaints to the attention of the department in regard to how the law was administered, and how young men were mistreated simply because they happened to be hitch-hiking across this country.

My clergyman friend arrived in a town one Sunday morning with old clothes on and a little, scrubby beard. He went to church and the people in the church, believe it or not, reported this suspicious character. Later they saw him in the town and told him to move on, that he could not stay there. He replied, "I don't know why. I am not doing anything." Indeed, he had not done anything wrong and he was just sitting on the curb talking to some other chaps. "Well, if you are here in the morning we are going to arrest you," he was told. He wondered whether they would arrest him, so he sat on and sure enough they did put him in jail.

Perhaps the minister will know the way in which that case was dealt with. He has read some judgments from judges who are learned men, but the people who try these cases are not learned judges. They are magistrates and sometimes quite ordinary men, and occasionally they have difficulty in unravelling the legal terminology used in the law.

The next day, after my friend had spent a night in jail, they rounded up the magistrate —he was away somewhere—and when my friend showed his identification and they found out who he was they would not believe him. They thought he was pulling some sort of ruse and trying to get away with something. He showed his certificate and his

authority for half-fare on the railroad, and the magistrate became a little frightened because they had put a man in jail the night before who should not have been there.

Of course that was an extreme case, though if I gave the minister his name and he looked into the matter he would find that his department has quite a file on that gentleman. As a matter of fact what I have related may have rung a bell in the minister's ear, because I believe he was attorney general of the province of Manitoba at that time.

However, the thing we are frightened of is that that sort of thing is going to happen again. I do not believe there is any crime in being without a job, and if people are going to be picked up on suspicion simply because they are unemployed I believe that is going too far. What the leader of this party has said, Mr. Chairman, seems reasonable to me. Strike out "without employment". I do not think it adds anything to the strength of the section at all, and without that phrase it would read quite logical, namely:

(a) not having any apparent means of support, or (ii) is found wandering abroad or trespassing . . .

Mr. Ellis: Mr. Chairman, I believe we should get down to the heart of the matter in this clause. We have heard arguments now for nearly an hour over legal phraseology and whether the clause should contain the words "loose, idle or disorderly". I have consulted the dictionary and checked the definition of the words "loose, idle, and disorderly", and also the dictionary definition for "vagrancy", and quite frankly I cannot see very much difference in the definitions given. They mean more or less the same thing, and I therefore believe we are completely skirting the main issue on this clause. We are simply getting into an argument as to whether certain words should be in the clause. Not being a lawyer I am not going to enter into that argument. However, I do feel that this clause should be given a great deal of consideration before it is passed.

The minister made reference to the fact that this has been the law for a long time. That is just the point. I believe that if we go back and examine conditions in England at the time the vagrancy laws were put into effect, we will find that the apprentices were bound to their employers, the reason being that an apprentice might run away from his employer. The object behind these laws was to protect the employers of that period, to bind the apprentice securely to his employer.

But after all, conditions have changed. Surely when we are going through this bill to enact a new criminal code our purpose should be to revise it and bring it up to date.

We should attempt to weed out some of the more archaic features of the code, and take out language which no longer serves the purpose, particularly such phrases as "being abroad" and "loose, disorderly, idle and loitering", and so forth. These are terms which had a very definite meaning at the time the law first came into effect. But this is the twentieth century, and surely we are not going to re-enact in the year 1954 a criminal code which contains language embodying the very essence of laws which existed several hundred years ago, despite the fact that circumstances have altered.

I do not believe, Mr. Chairman, that the unfortunate individual who is taken up before a magistrate, perhaps after spending a night in jail, is going to appreciate the difference between being charged under a section which contains the word "vagrant" or charged under a section which includes the words "loose, idle or disorderly". The minister has pointed out that when a man is brought before a magistrate, that magistrate is not likely to convict under this section. But I suggest that is not the only thing to consider. We have to consider that men are going to be apprehended and lodged in jail. It is true that the charges may be dismissed when they appear before the magistrate, but a situation can develop where a good many innocent people will spend time in jail, and to most people the very thought of incarceration for even a few hours is most distasteful.

I think we have to consider this clause not only from the standpoint of how the magistrate is going to deal with the charge when the person is brought before him, but from the standpoint of how the law enforcement officers are going to interpret and use it. The suggestion is made that we have not had many cases of this kind lately. Economic conditions are slightly different from what they were prior to the outbreak of world war II, but as other hon. members have pointed out the time may very well come when we will have a repetition of such occurrences, one instance of which was mentioned by the previous speaker.

Before this clause is passed I think we should give very serious consideration to whether it is necessary. I think perhaps the real reason for having it in the code was given unwittingly by the minister a while ago when he suggested that it was a catch-all, that where you could not apprehend a man under a specific law and you were suspicious of him you could hale him into court on a vagrancy charge.

Mr. Garson: I think my hon. friend misunderstood me if he got that impression. I believe he has confused me with some other

members who have spoken in the debate. I thought I made it clear not once but several times that in order to get a conviction under this section you had to prove your case.

Mr. Ellis: I am sorry, but I seem to recall that the minister made some reference to a man being charged under the vagrancy law for having lived off the avails of prostitution. It might not have been the minister.

Mr. Garson: No, that is right; but in a case of that sort you would have to prove that he did live off the avails. Would my hon. friend disapprove of the conviction of that sort of man?

Mr. Ellis: No, I would not; but I feel that is a specific offence, that the man is guilty of a specific crime and should be charged with that specific crime. I say this section is so vague that it may be used to charge—

Mr. Garson: If my hon. friend will read the section he is discussing he will see that further down it includes living off the avails of prostitution.

Mr. Ellis: I am only dealing with subsection 1 (a).

Mr. Garson: Yes.

Mr. Ellis: That is the only subsection I have reference to now. Economic conditions may very well reach the point where any unemployed person could be a potential vagrant under the terms of this subsection. It is all very well to say that is not going to be the case, but we know from past experience that during the period we refer to as the great depression many transient unemployed spent the night in jail and were haled before a magistrate on a charge of vagrancy. The fact that there may not have been many such cases lately is a reflection of the changed economic conditions, but since we are revising the Criminal Code and it may be in effect for 20 or 50 years—no one can tell how long it will go without substantial amendments—I think we have to take these things into consideration.

To me it is not a question of arguing over legal phraseology. I want the minister to consider very seriously whether it is absolutely necessary to retain subsection 1 (a) of section 164. The other parts, subsections 1 (b), (c), (d) and (e), have reference to specific offences. Subsection 1 (b) refers to begging from door to door or in a public place. That is a specific offence. A man may be charged with a specific offence. Subsection 1 (c) is also a specific offence, but subsection 1 (a) is so vague that, speaking as a layman, I do not think it makes good law. I want to make a plea to the minister that he give serious consideration to removing this very questionable feature from the section before it is passed by the committee.

Mr. Power (St. John's West): I feel the view that a man who has no job and does not have a dollar is guilty of this offence is a grave misconstruction of what the paragraph says. A person only becomes a vagrant when, first of all, he has no apparent means of support. That does not merely mean a person without money. Surely it means a person without money, without money's worth, without credit, without any lawful means of obtaining money for his support. He also has to be living without employment. If he has no money or money's worth but has a job he soon will have money. It would seem to me that anyone who can live without means of support, without a job and not beg or steal, must be a magician.

Mr. Quelch: I listened to the minister explain at some length that subsection 1(a) does not really mean what it says. Then he went on to explain to hon. members what in his opinion it really did mean, and the interpretation that had grown up over a period of years. But surely in this house we should have enough legal talent to put into plain English exactly what we do mean. I suggest to the minister that the section would be greatly improved by striking out the words "lives without employment or" and the words "wandering abroad or". The section would then read:

> Every one commits vagrancy who
> (a) not having any apparent means of support
> (i) is found trespassing and does not, when required, justify his presence in the place where he is found.

I do not think there would be any objection to that. He would have to be found trespassing. He could not be charged just because he was unemployed. If that change were made I think it would remove most of the objection.

Mr. Regier: The statement was made by the hon. member for St. John's West that "means of support" did not necessarily mean how much money you had on you. I know there are some municipalities where the police follow the standard of a definite fixed sum. They will arrest you for vagrancy unless you have so much money on you. It may be they have received that advice to guide them. However, I do know it happens.

The only reasonable argument I have ever heard for the existence of the vagrancy charge at all is that it aids to enforcement of the law in that it gives the law enforcement authorities time to secure evidence on other charges. I wonder whether that is a sound practice. I wonder whether we

should be able to arrest a man on a vagrancy charge simply because we think he is possibly guilty of something else. Should we be able to arrest a man for something that does not mean very much merely for the purpose of being able to hold him for a few days?

I am not sure that we should retain this provision. As I understand the old law, when a person was charged with vagrancy the question was whether the man was a vagrant and whether there was evidence to show that he was a loose, idle and vagrant person. According to the wording of the section—and I think the hon. member for Kamloops had a valid point—the issue is not whether or not a man is a vagrant; the issue now is whether or not he has employment. If evidence can be presented that he is without employment and without any apparent means of support, he is automatically guilty of vagrancy. Therefore I feel the whole section should be left over until another day. When we began the revision of the Criminal Code I thought we had a definite understanding that contentious sections would be left over until some other time.

Mr. Michener: I think perhaps the minister will agree that we have pretty well aired the offence under paragraph (a). I should like to make one suggestion to the minister about paragraph (c). This paragraph deals with persons who are prostitutes or night walkers in public places.

The point I wish to make is that this paragraph seems to go so far as to make it an offence for these people to be in a public place. It does not go quite that far, but I am going to suggest to the minister that it is different from the existing section. If the minister will look at the existing section 238, subsection (i), he will see that it speaks of a person as a vagrant who, being a common prostitute or night walker, wanders in the fields, public streets or highways and so on. There is an element of positive action on the part of the prostitute in that section. In the present section we apparently make it illegal for the prostitute or night walker to be in a public place about her ordinary activities as a citizen. Supposing she is going to the market to buy groceries. She is then in a public place, and she has to justify her presence there in order to not commit an offence.

I suggest to the minister that in all these clauses that deal with what we might call the submerged people, it seems to me a sound course to follow is to require some positive offence or action, something that is disorderly or abnormal in a public place before there is an excuse to arrest. I suggest to the minister that the section might very well read, so as to import that element of positive action, "being a common prostitute or night walker, solicits in a public place." That might not be the best way of expressing it, but I am sure the minister understands what I have in mind. Instead of putting such a person under the onus of justifying her existence every time she is in a public place, there should be some positive act on her part before she can be charged and brought into court.

Mr. Garson: The hon. member for Vancouver-Kingsway raised this matter before and I regret that I did not reply to him. I am afraid that I cannot at all agree with the hon. member for St. Paul's. If he will look at the present section he will see that it mentions being a common prostitute or night walker who wanders—the hon. member just mentioned the fields—the public streets or highways. Now, what is the substantial difference as between "public streets or highways" and a "public place" as in the present section? Then it goes on and mentions that if she "does not give a satisfactory account of herself", whereas the new section says "does not, when required, give an account of herself".

Mr. Knowles: It may be that the old section was not worded correctly.

Mr. Garson: The cases under the old section were to the effect that she did not need to give an account of herself unless she was properly asked by the proper people in authority. When certain individuals were brought up and charged who had not been asked, they were acquitted. If the hon. member says she cannot solicit, then what is the position of a street walker who cannot solicit? Is my hon. friend's proposal that we deprive her of her livelihood? The case law under the existing section says, and I recommend this to my hon. friend:

> The mere fact that a woman is a prostitute, however, does not make her a vagrant; nor does the further fact of her wandering abroad. A woman of one of these classes may wander as long as she likes in such public places as she chooses without simply by reason thereof bringing herself within this enactment. It is only when in the course of her wandering she fails to give a satisfactory account of herself that she converts herself into a vagrant.

Supposing a policeman comes along and finds a prostitute with a companion who is picking the pockets of a drunken man. The prostitute is standing by in a public place, and he asks her to give an account of why she is standing by while her companion is picking the pockets of this drunken man. If she cannot give a satisfactory account of that situa-

tion, then and only then does she fall afoul of this section. I think if the hon. member will examine with care the new wording and the old, he will see that the real gravamen of the offence is failure to give an account when a request has been made. In all substantial respects the two sections are identical.

Mr. Michener: I appreciate that. My concern is that the wording has been changed. The minister knows as well as I do that in interpreting the new section the courts will impute to parliament some purpose in changing the wording, and they will try to seek some difference in the wording, which in this case is "wandering in a public place". Now, every one is found in a public place who is in a public place, so there is no element of offence; yet you put that person under the onus of explaining her presence there. That is all I suggest to the minister. If he is satisfied there is ample and proper protection to even a person who is a common prostitute going about her normal activity, then all right.

I am suggesting her special activities should be prohibited, not her normal ones, by putting in the words, "soliciting in a public place". After all, the example which the minister gave of picking a man's pockets certainly is an offence, and there is the capacity to arrest. Being found in a public place, as every one is who is in a public place, seems to me to be the wrong type of wording for this kind of section.

Mr. Garson: But being found in a public place is not the gravamen of the offence either under the existing wording or under the proposed new wording. The gravamen of the offence is that when requested to do so she fails to give a satisfactory account of herself. In all these matters I admit that the degree of ability and judgment of the police forces varies a great deal from one part of the country to the other. But in drafting the laws of the country, I do not think we can do so upon the assumption that the police forces are corrupt and incompetent, or that they are going to abuse powers that are given to them; otherwise we are going to have a difficult time drafting laws to protect society.

What I suggest is that in relation to this whole clause and every subclause under it we must make the necessary assumption that the Canadian police forces have reasonable professional integrity, and that they are reasonably competent, and that no abuses will arise if we empower them to use reasonable discretion. Of course, if in certain cases the police are not honest and competent; if in certain places these abuses mentioned by the hon. member for Macleod take place, then I do not think we are entitled to pay too much attention to these exceptional cases in drafting what we think should be a law of general application.

There was one other point made by the hon. member for Regina City to which I think I should refer, when he said that we are drafting a law or considering a law that may be in effect for a long time. That could leave quite a wrong impression if I were to leave it uncorrected. It is true that the bill we are now considering has not been consolidated for 60 years; but during that interval of time I do not think there has been a single year in which amendments to certain sections have not been required.

I beg my colleagues in the committee to understand that if, by chance, this present clause is as defective as some arguments by my hon. friends opposite would seem to indicate, especially those of the hon. member for Kamloops, for example, and if his fears prove to be well founded, then it would be a very simple matter at the next session of this parliament to bring in amendments to cure the defects so disclosed.

As the minister in charge of the bill and the minister responsible for recommending the appointment of the commission which drafted the bill in the first place, I wish to say that there certainly is no reason why I should wish personally to have any of these defects in the bill, if it were possible to keep them out. The only reason I have been, as perhaps my hon. friends may think, somewhat obdurate in relation to their suggestions is that I think the commission did a good job. They have greatly condensed and improved—streamlined, if you like—the code, while at the same time retaining its substance. And I suggest that in its present form the clause now before the committee will retain the case law which was decided under the old section, and work quite satisfactorily.

Mr. Fulton: Several arguments are advanced by the minister as to why we should allow the clause to go through in its present form which, I regret, I cannot accept. The minister said that in drafting laws of this type we must assume that the police and other law enforcement officers are reasonable men and men of integrity. That is of course true.

But if we believe conscientiously that the clause is so drafted that it admits of abuses, whether intentional or unintentional, then I do not accept the principle that we can rely upon the judgment of law enforcement officers never to bring about such abuse.

On the contrary I would assume that the law enforcement officers, and particularly a crown prosecutor who would have it as his duty to enforce the law as it is drafted and exists on the statute books, would be bound to enforce the clause which would result in abuses, whether or not it did in fact result in such abuses. In the case of the crown prosecutor, that would be his duty. It is not his duty to say, "Oh, I do not like this clause. I do not like its application; therefore I will not enforce it." That would be a breach of duty on his part.

Therefore the minister's argument, when he was trying to say we were suggesting that the law enforcement might be unreasonable, is not applicable. It is not because we think they are going to give an unreasonable enforcement to this clause, but rather because we do not want law enforcement officers placed in the position where they will have to enforce unreasonable law. That is why we object.

Further, the minister has said, in referring to the argument of the hon. member for St. Paul's, that the case law in connection with this subclause referring to prostitutes is well decided and well established, and that the present wording being in substance almost the same as the previous wording, the case law will continue to apply. I believe that was the effect of his argument. That argument, it seems to me, has established the validity of our objection to the change in the earlier part of the clause, because what we are saying is that you have substantially changed the words. You eliminated the words "loose, idle or disorderly" and therefore the case law which depended upon those words will no longer be applicable. That is the very point we made, and I am glad the minister accepts it now—because, of course, he must accept it, having used the same argument in connection with the subclause on prostitution.

I see it is nearly ten o'clock. I would hope, however, that rather than merely talk it out at ten o'clock, the minister would appreciate that we have objections to this clause. Without attempting in any way to use any threat, or to threaten further argument, we have objections which we do not feel have been properly disposed of. I would hope the minister would allow the clause to stand so that, when we return to a discussion of this bill, it might be dealt with properly. I should hope there would be opportunity for further discussion before it is brought back to the floor of the house.

Mr. Garson: Do I understand my hon. friend to mean that it is to stand—as it certainly must stand, because it is ten o'clock—until the next time the Criminal Code is under discussion; or does he mean to have it stand until we finish all the other clauses in the bill, and then come back to it?

Mr. Knowles: It depends upon what the minister does in the meantime.

Mr. Fulton: That is about it. If the minister between now and the time it comes back —that is, now and the next day we have the Criminal Code before us—considers that in the light of what has been said there should be an amendment made to clause 164, and comes to tell us that he now proposes to make this, that or the other change, then I think we would be prepared to go ahead with the discussion on it. But if the minister says, "I am sorry, but I cannot accept any of your arguments. I want it to go through as it now stands", then I would ask that the clause stand to the end of the deliberations of the committee of the whole, in the same way that the other controversial clauses are being stood over.

The Deputy Chairman: Order. Is it agreed that the committee rise, report progress and ask leave to sit again?

Mr. Drew: With the consent of the Minister of Justice, might I make a short observation. It does seem to me there is something to be borne in mind to which perhaps due consideration has not been given. In the case where changes have been made in some of the clauses it has been recognized that this was done with the intention of improving the wording of existing sections, to which there has been no objection. But certainly in the minds of a number of hon. members there is a feeling that the old section in this instance was a dangerous one, because it was being used loosely to hold people when specific charges were not being laid. Many of us know that people were held under the vagrancy section when there was no thought that a vagrancy charge was going to be pressed.

It was simply a procedure for holding a person until the authorities made up their minds what kind of charge was going to be laid.

There are some of us who would like to see a clearly stated provision, if there is going to be some basis on which a prisoner can be held, rather than enlarge still further a section which had that objection, and which was used for the purpose simply of holding prisoners until the minds of the prosecuting authorities could be made up as to what specific charge would be laid.

Clause stands.

Progress reported.

Business of the House

BUSINESS OF THE HOUSE

Mr. Garson: On Monday next the first item of business will be the Salaries Act. Then we shall move to go into supply. If we succeed in getting there we shall call four departments: first, public works; second, veterans affairs; third, agriculture; fourth, mines and technical surveys.

Mr. Fulton: And stand them?

Mr. Garson: Continue in public works.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, February 22, 1954

The house met at 2.30 p.m.

HOUSE OF COMMONS

CIVIL SERVICE COMMISSION—TABLING OF REPORT CONCERNING PARLIAMENTARY LIBRARY EMPLOYEES

Mr. Speaker: I have the honour to transmit to the house a report from the civil service commission of Canada concerning the salaries of the employees of the parliamentary library.

RAILWAYS, CANALS AND TELEGRAPH LINES

FIRST AND SECOND REPORTS OF STANDING COMMITTEE—CONCURRENCE IN SECOND REPORT

Mr. H. P. Cavers (Lincoln) presented the first and second reports on the standing committee on railways, canals and telegraph lines, and moved that the second report be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

STATEMENT ON STATUS OF UNITED NATIONS FORCES IN JAPAN

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): I should like to inform the house that an agreement regarding the status of United Nations forces in Japan was signed in Tokyo on February 19. The parties to the agreement are, on the one hand, the government of Japan, and on the other hand, the governments of Canada, the United Kingdom, Australia, New Zealand and South Africa and the government of the United States, acting as the unified command of the United Nations.

As soon as we receive from Tokyo the authentic text of the agreement as signed, it will be tabled in parliament. In the meantime, I have a draft copy available if any member wishes to see it.

BANK OF CANADA ACT

AMENDMENTS RESPECTING MANAGEMENT, EXCHANGE, TO PERMIT SHORT TERM LOANS ON INSURED MORTGAGES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 297, to amend the Bank of Canada Act.

Some hon. Members: Explain.

Mr. Abbott: Since parliament in this session will be considering matters pertaining to the Canadian banking system in connection with the decennial revision of the Bank Act, it is appropriate that the Bank of Canada Act should also be revised at this time. The Bank of Canada Act was passed in 1934 and amended in 1936 and 1938. Since then the act has been amended in a number of ways by provisions in other statutes. As a result of these amendments and changing circumstances, a number of provisions of the act are either no longer operative or no longer appropriate. In addition, to bring the act up to date in these respects, it is proposed that certain revisions should be made.

In view of the proposed provision in the National Housing Act allowing chartered banks to make insured mortgage loans, it is proposed that the Bank of Canada should have the power to make short-term loans to banks on the pledge or hypothecation of insured mortgages held by them.

In addition, changes will be made in the limitations on the bank's holdings of government of Canada securities, in the amount of its rest or reserve fund and the provisions regarding cash reserves to be maintained by the chartered banks.

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 296, an act respecting Brazilian Telephone Company.—Mr. Hunter.

QUESTIONS

SMUGGLING, MARITIME PORTS

Mr. Bell:

1. Have any cases been reported or investigations conducted into the smuggling of liquor or any other goods from the United States into Canada through Saint John or any other maritime ports, during the past two years?
2. If so, were any employees or agents of the United States government, United States army, or United States companies presently in Canada, involved?
3. What were the quantities and amounts involved?
4. What course of action has the government taken to prevent a recurrence?

Questions

Mr. McCann:

1. Yes.

2. Records of alleged or proven cases of smuggling are not segregated according to nationality, occupation or personal status of individual.

3. Quantities and amounts (value) of goods investigated or forfeited under the Customs Act are not maintained on a commodity basis nor by individual ports of entry. The number of customs seizure reports received from the maritime provinces (Prince Edward Island, Nova Scotia and New Brunswick) during the two-year period February 1, 1952, to January 31, 1954, was 1,329.

4. Continued vigilance and enforcement measures including seizure of goods, seizure of vehicles and vessels used in transporting goods liable to forfeiture, application of penalties and prosecution of individuals under the provisions of the Customs Act.

FEDERAL COLLECTIONS, ALBERTA

Mr. Fair:

During each of the past five years, what amounts have been collected by the federal government from the province of Alberta as a result of: (a) personal income tax; (b) corporation income tax; (c) succession duties; (d) excise taxes; (e) excise duties; (f) customs duties; (g) excess profits tax; (h) any other taxes?

Mr. McCann: (a), (b), (c), (g), (h). See statement attached.

Following is the amount of excise taxes, excise duties, customs duties and sundry other collections collected by customs-excise ports in the province of Alberta for the last five fiscal years:

Year	(d) Excise taxes	(e) Excise duties	(f) Customs duties	(h) Sundry collections
1949	$10,760,329.43	$ 7,235,639.68	$ 5,937,159.52	$13,905.94
1950	7,784,071.22	7,028,790.27	6,622,979.57	13,339.54
1951	8,716,338.64	8,584,991.46	8,594,455.33	16,240.36
1952	13,415,997.08	8,595,355.79	11,044,508.55	30,182.93
1953	17,592,742.72	10,315,617.33	16,458,147.25	41,630.97

Fiscal Year	Income Tax				Other Taxes	
	(a) Individuals	(b) Corporations	(h-1) Non-Residents	(h-2) Undistributed Income	(c) Succession Duties	(g) Excess Profits Tax
	$	$	$	$	$	$
1948-49	39,298,283	13,482,064	516,539	14,906	1,049,531	3,436,832
1949-50	40,960,325	20,882,364	610,091	95,823	1,481,253	1,007,363
1950-51	40,895,324	22,587,275	809,110	4,697,480	1,839,098	583,339
1951-52	54,895,533	33,280,467	673,013	867,358	1,252,024	61,885
1952-53	74,097,266	43,687,135	749,997	645,723	2,262,749	—

ELEVATOR COMPANIES—OVERAGES AND SHORTAGES

Mr. Argue:

1. Does the board of grain commissioners obtain the overage or shortage incurred by each elevator company in its operations at each marketing point in western Canada?

2. If so, what are the most recent figures available showing such overage or shortage for each elevator company at each marketing point?

Mr. Dickey: I shall answer this question orally. The first part of the question asks for the overages or shortages incurred by each elevator company in its operations at each marketing point in western Canada.

[Mr. Bell.]

The answer to that question is that the board obtains from licensees of country elevators, in accordance with regulations made pursuant to subsection 16 of section 15 of the Canada Grain Act, statements for each country elevator in the form of statutory declarations, showing gross and net receipts and shipments during each crop year and stocks in store of each kind of grain at the end of each crop year. From these sworn statements gross and net shortage and overage positions for each country elevator are calculated.

Then the second part of the question asks for the most recent figures available showing such overage or shortage for each elevator company at each marketing point.

The answer is that the most recent figures available showing shortages and overages for each elevator company at each marketing point are those for the crop year 1952-53. This information is contained in 5,042 documents. It is obvious therefore that it would be a most laborious task to have these copied. If the hon. member has some particular marketing point in mind, I would be happy to get the information for him, but I doubt if he wants to put the board of grain commissioners to the trouble and expense of copying the entire material.

ASSISTED PASSAGE LOAN SCHEME

Mr. Bell:

1. How much money has been made available under the assisted passage loan scheme, during each of the years 1951, 1952 and 1953, to (a) British immigrants; (b) non-British immigrants?
2. What percentages of said loans remain outstanding?
3. What steps are taken to collect same?
4. From information obtained in conducting 3, and otherwise, (a) what percentage of those assisted immigrants remained in their assigned or intended occupations; (b) what percentage left before the expiration of the one-year period?

Mr. Harris:

1 and 2. Statistics maintained respecting assisted passage loans show office of issue of transportation warrants, not nationality or ethnic origin of the immigrants. The statement below provides as close an answer to the question as can be given. For every dollar actually paid out for loans, 79·8 cents had been recovered by the end of December, 1953. 27,391 loans had been made, for which billing to transportation companies had been paid, and of this number 17,037 or 62·2 per cent had been repaid in full. Loans are payable over a 24-month period from date of arrival of the immigrant in Canada.

	Immigration offices, United Kingdom	All other offices
1951		
Warrants issued	3,528	12,028
Value	$580,179.60	$1,978,004.60
1952		
Warrants issued	185	4,077
Value	$ 30,423.25	$ 670,462.65
1953		
Warrants issued	448	8,137
Value	$ 73,678.08	$1,338,204.87

Note: The figures for 1953 include 1,012 warrants which were issued at a cost of $166,423.40 for which accounts had not been received from the shipping companies due to these persons having sailed late in 1953 or early in 1954.

Total warrants issued, 28,403; total value of warrants issued, $4,670,953.05; total cost of transportation accounts paid as of Dec. 31, 1953, $4,504,529.65; collections for the period, Feb. 1, 1951, to Dec. 31, 1953, $3,599,087.21. Collections are, of course, continuing.

3. In most cases arrangements are made with the employer to have monthly deductions made from the individual's wages and forwarded to Ottawa to be credited against the individual's loan. In the other cases individuals make their payments direct to the immigration branch, Department of Labour, and in some cases, to provincial government officials. Automatic collection procedure, consisting of notices of arrears, and if necessary, followed by letter, is instituted when accounts indicate instalments have not been received when due. Immigration officers in or near the person's place of residence are also used to contact the individual and an endeavour is made to have the individual make his monthly payments. Close check is kept of all delinquent accounts and every effort is made to locate individuals.

4. Statistics not maintained.

VITAMIN PRODUCTS

Mr. Knight:

1. Has the government during 1952-53 and to date, investigated potency of the vitamin products of certain manufacturers?
2. If so, how many such (a) products; (b) manufacturers were investigated?
3. What percentage of the products investigated were below labelled potency?
4. What were the products, by advertised name, and who were the manufacturers of the products which were found to be below labelled potency?
5. What action has the government taken as a result of these findings?

Mr. Martin:

1. Yes. The potency of vitamin products on the Canadian market is under constant review.

2. Approximately 1,500 products were examined from January 1, 1952 to January 31, 1954. These products were obtained from approximately 200 manufacturers.

3. Particular attention was paid to the products of those companies which it was felt might have products below the labelled potency. Furthermore an effort was made to concentrate on those types of products which experience has shown may be more often below label claim. Of the 1,500 such products which were analysed approximately 300 were found to be below the labelled potency in one or more vitamins. However the fact that one-fifth of the products analysed did

not meet label claim should not be interpreted to mean that one-fifth of the vitamin products on the Canadian market do not meet label claim as the above figures apply only to those companies which were studied and not to the industry as a whole. It is known that the great bulk of vitamin products now on the market conform to labelled potency and are adequately labelled.

4. Generally speaking vitamins are unstable compounds and precautions must be taken to ensure that the potency of the vitamin product is still satisfactory when it reaches the consumer. It has been found that practically all pharmaceutical companies have had on the market at some time a product which did not meet label claim for at least one vitamin. During the period January 1, 1952 to the present not all products nor all companies have been examined, hence it would be unfair to reveal the identity of those companies whose products happened to be analysed and were found to be below labelled potency in that period. Furthermore, most products which were found to be below labelled potency have subsequently been corrected or withdrawn from the market by the company. Thus it would not be desirable to name a product which was below claim two years ago but has subsequently been found to meet label claim. The survey of the vitamin products produced in Canada is still not complete. Therefore it would be grossly discriminatory to release the findings at this time.

5. The first approach to a manufacturer whose product has been found to be below the labelled potency has been educational. Experience has clearly shown that those companies who have adequate control facilities and who analyse their products before placing them on the market, usually have products which meet label claim. Advice is given to the manufacturer when requested regarding possible causes of the low vitamin content of the product and the institution of proper control measures. If a manufacturer persists in placing on the market a product which does not meet label claim he is given a final warning and if necessary prosecuted. If seriously below labelled potency, existing stocks of the product may be seized by the crown. Goods under seizure are forfeited to the crown and disposed of, either by reprocessing under supervision, if considered feasible, or by destruction on the order of the minister.

PUBLIC HEALTH GRANTS—PRINCE EDWARD ISLAND

Mr. Kickham:

How much did the province of Prince Edward Island receive by way of assistance in new construction, repairs and equipment to hospitals in each year since 1946, including all federal public health grants?

Mr. Martin:

The health grants program commenced in 1948-49. Since that time the following expenditures have been made by the federal government—

Grant	1948-49	1949-50	1950-51	1951-52	1952-53	1953-54 (to Feb. 1)
	$	$	$	$	$	$
Hospital construction	38,228	36,163	87,216	55,535	44,912	14,655
Crippled children	5,000	5,000	3,191	3,294	14	—
Professional training	7,247	7,011	6,894	5,033	8,533	2,674
Venereal disease control	7,483	7,356	4,961	3,614	2,473	1,047
Mental health	34,664	34,021	18,268	31,762	43,197	19,554
Tuberculosis control	34,016	42,843	43,985	49,137	44,579	23,061
Health survey	3,514	4,740	4,004	656	2,086	—
General public health	23,777	36,555	38,826	77,069	80,129	26,987
Cancer control	5,010	10,582	9,365	9,306	8,070	3,454
All grants	158,939	184,271	216,710	235,406	233,993	91,432

SOCIAL SECURITY PAYMENTS, MANITOBA

Mr. Pommer:

1. How much money was paid by the federal government in the province of Manitoba, during the year 1953, for (a) family allowance; (b) old age security; (c) old age assistance?

2. How many families were in receipt of family allowance during the same year, and for how many children?

3. During the same year, in the province of Manitoba, how many received (a) old age security; (b) old age assistance?

[Mr. Martin.]

Mr. Martin:

1. (a) $17,827,134; (b) $19,825,848; (c) $1,089,381.

2. 115,338 families were paid family allowances for 251,021 children during the month of December, 1953, in the province of Manitoba.

3. In December, 1953, in the province of Manitoba: (a) old age security payments were made to 42,157 persons; (b) old age assistance payments were made to 4,816 persons.

CAMP GAGETOWN—HOUSING

Mr. Brooks:

1. Has the federal government either through one of its departments or through Central Mortgage and Housing Corporation purchased any land for construction of houses for Camp Gagetown administration personnel?

2. If so, (a) where is land located; (b) from whom purchased; (c) what was the cost per acre; (d) number of acres?

Mr. Bourget:

1 and 2 (a). Central Mortgage and Housing Corporation have purchased land in Fredericton, New Brunswick, for possible future housing developments. The plot is part of the area enclosed by College road, Third crossroad, Regent street, and Second crossroad.

2 (b). Randolph and Doris Mae Wood.

(c). $634.05.

(d). 66.3 acres.

IMMIGRATION—DOMINION-PROVINCIAL CO-ORDINATION

Mr. Fulton:

1. Does there exist any intergovernmental committee or organization whose purpose is to ensure co-ordination and avoid duplication as between dominion and provincial programs of immigration and settlement?

2. If so, what is the name of such committee, who are its members, how often does it meet, and when did it hold its last meeting?

3. If there is no such committee or organization, are any steps taken to ensure that there is such co-ordination, particularly in connection with placement of immigrants, land settlement and agricultural worker schemes, and generally to ensure that the population requirements of the nation and the rights and responsibilities of the provinces are kept in harmony?

4. What is the nature and extent of any such arrangements as may be covered in part 3, and how are they implemented?

Mr. Harris:

1. No.

2. Not applicable in view of answer to No. 1.

3. Yes.

4. (a) Continuous liaison on departmental level is maintained between federal officials of the Department of Citizenship and Immigration and officials of provincial government departments concerned on all problems of mutual interest affecting the placement of immigrants, land settlement as it pertains to immigrants and agricultural workers schemes. Early in 1953, all provincial governments were invited to have senior departmental officials attend meetings with senior federal officers on immigration matters of mutual interest. To date, eight of the provinces have sent representatives to such meetings which were concerned principally with the development of ways and means to achieve closer co-operation and co-ordination in the fields mentioned above. This co-operation and co-ordination is being pursued and extended wherever possible, in field activities in Canada.

(b) As the successful establishment of immigrants is closely related to the welfare of immigrants during the early period after their arrival in Canada, the federal government, early in 1952, offered to conclude with each of the provincial governments an agreement for the sharing on a basis of equal cost of necessary hospitalization and welfare assistance for immigrants who became indigent through accident or illness during the first year after their arrival in Canada. To date, agreements have been concluded with six of the provinces covering both hospitalization and welfare assistance, while an agreement covering hospitalization expenses only has been concluded with yet another province. The provincial governments are responsible for the operational administration of these agreements and accounts for the federal share are submitted to the federal Department of Labour.

(c) With particular reference to agricultural workers, federal-provincial farm labour agreements have been entered into by the federal Department of Labour with each of the provinces of Canada with the exception of Newfoundland. These agreements provide for co-operative action in relation to the recruitment, distribution and placement of farm labour. A federal-provincial farm labour committee is set up in each province and in all cases includes representatives of the provincial department of agriculture and the national employment service. In addition, in most provinces, representatives of farm organizations and other groups are also included in the membership of the committee. These committees are concerned not only with local and interprovincial recruitment and movement and placement of farm workers, but also make recommendations relative to the importation of immigrant agricultural workers and their recommendations are cleared through the Department of Labour to the Department of Citizenship and Immigration which selects the immigrants overseas.

STOCKS OF BUTTER

Mr. Proudfoot:

What stocks of butter are now held by the agricultural prices support board, (a) 1952; (b) 1953?

Mr. Gardiner:

Stocks held on February 19, 1954, were: (a) 5,089,224 pounds of 1952 butter; (b) 34,000,732 pounds of 1953 butter.

NEWSPAPERS AND PERIODICALS—POSTAGE RATES

Mr. Knowles:

1. What persons, organizations and/or periodicals, if any, have made representations to the government for an amendment to the Post Office Act to permit a newspaper or periodical to be posted in some other postal area than the one in which it is published and still get the benefit of the reduced rates of postage accorded to newspapers and periodicals?

2. On what dates were such representations made, (a) by letter or other means of correspondence; (b) by personal calls on cabinet ministers, individually or collectively?

3. What replies were made to such representations?

4. Have any persons or organizations made representations to the government in opposition to such an amendment?

5. If so, what are the names of such persons and organizations, and on what dates were such representations made?

6. What replies were made to such representations?

Mr. Pickersgill: Mr. Speaker, in the normal course this question should be made an order for return. However, in view of the general interest and the simplicity of the matter perhaps I could answer part of it orally.

Representations were made to a committee of ministers consisting of the Prime Minister, the Postmaster General and myself on January 21 by the periodical press association. The delegation consisted of Mr. Napier Moore, Mr. Roy Parry, Mr. Floyd Chalmers, Mr. J. Kent Cooke, Mr. Charles Sauriol and Mr. George Mansfield, all members of that association. They came to make representations about the competitive disadvantage which they considered Canadian periodicals were under as compared with American periodicals.

Among the suggestions they made was the suggestion referred to in the question. The answer to part 3 is that the Prime Minister undertook to see that such representations were given consideration. I understand from the office of the Postmaster General that one or two representations have been received recently in answer to No. 4. Perhaps parts 4, 5 and 6 could be made an order for return, and the return will be tabled in a day or two.

Mr. Speaker: Part of this question is answered, and part will be made an order for return, subject to the minister's remarks.

Mr. Knowles: I wonder if the return the Secretary of State is prepared to bring down might include a list of the periodicals represented by that periodical press association referred to by the Secretary of State.

Mr. Pickersgill: Certainly, sir.

SALARIES OF LETTER CARRIERS, HALIFAX

Mr. Balcom:

What were the minimum and maximum rates of pay for letter carriers for the period 1939-1954 in the Halifax postal district?

Mr. Kirk (Shelburne-Yarmouth-Clare):

Date	Salary Minimum	Maximum	Plus cost of living bonus
1st April 1939	$1,020	$1,500	—
1st August 1941	1,020	1,500	$142.92
1st August 1942	1,020	1,500	221.04
1st July 1944	1,200	1,620	221.04
1st April 1946	1,320	1,800	221.04
1st August 1946	1,320	1,800	313.32
1st September 1946	1,644	2,124	(salary and cost of living bonus consolidated)
1st October 1947	1,620	2,160	
1st October 1948	1,800	2,340	
1st December 1950	1,920	2,628	
1st October 1951	2,028	2,628	
1st December 1951	2,220	2,850	
1st December 1953	2,400	3,060	

FEDERAL BUILDING, VERNON, B.C.

Mr. McLeod:

1. What progress is being made with plans to construct a federal building in the city of Vernon, British Columbia?

2. Has the vote for this project been reduced?

3. If so, in what amount, and for what purpose will this amount be used in the current year?

[Mr. Gardiner.]

Mr. Bourget:

1, 2 and 3. The estimates for the fiscal year ending March 31, 1955, contain at page 447 the amount voted by parliament for the fiscal year 1953-54, and the amount sought for the fiscal year 1954-55. The latter amount is for the purpose of completing plans which are in the course of preparation.

OLD AGE ASSISTANCE

Mr. Knowles:

1. How many persons, by provinces, are in receipt of pensions under the provisions of the Old Age Assistance Act?

2. What is the average monthly payment, by provinces, being made under the provisions of the Old Age Assistance Act?

Mr. Martin:

Province	1. As at Dec. 31, 1953	2. As at Dec. 31, 1953
Alberta	4,972	$36.54
British Columbia	8,051	37.68
Manitoba	4,816	37.83
New Brunswick	5,680	36.87
Newfoundland	5,079	29.22*
Nova Scotia	5,168	33.42
Ontario	21,452	36.84
Prince Edward Island	592	25.87
Quebec	31,483	37.44
Saskatchewan	4,508	36.73
Northwest Territories	60	38.23
Yukon Territory	4	40.00
	91,865	

*Maximum assistance $30 a month.

FOOD AND DRUGS—DAIRY PRODUCTS

Mr. Johnson (Kindersley):

1. How many examinations of domestic dairy products were made by the food and drug divisions of the Department of National Health and Welfare, from 1st April, 1952 to 31st March, 1953?

2. How many cases of adulteration were discovered?

3. How many cases of misbranding were discovered?

4. How many prosecutions were launched under (3) and (4)?

Mr. Martin: Examinations of domestic dairy products are made by the food and drug divisions of the Department of National Health and Welfare for both the Department of Agriculture and the Department of National Health and Welfare. The following information gives the figures for each department:

	National Health and Welfare	Agriculture	Total
1.	654	1,730	2,384
2.	64	1,104	1,168
3.	78	—	78
4. Number of prosecutions for adulteration:	7	20	27
Number of prosecutions for misbranding:	—	—	—

MALLEABLE IRON PIPE FITTINGS

Mr. Starr:

What was the total amount of malleable iron pipe fittings imported into Canada month by month, during the year 1953 and in January 1954, from (a) Germany; (b) Italy; (c) Belgium?

Mr. Dickey: Information not available. Malleable iron pipe fittings are not separately classified in Canadian import trade statistics but are included in the general item of "Pipe fittings, n.o.p.". Canadian imports by countries under this general item during the months January to November, 1953, the latest figures available, are as follows:

Month	Germany West	Italy	Belgium
1953	$	$	$
January	557	Nil	Nil
February	....	Nil	Nil
March	34	Nil	Nil
April	429	Nil	Nil
May	....	Nil	Nil
June	4,147	Nil	Nil
July	100	Nil	Nil
August	1,290	Nil	Nil
September	....	Nil	Nil
October	....	Nil	Nil
November	12,787	Nil	Nil
December, not yet available		Nil	Nil
Total	$19,344	Nil	Nil

"FAREWELL TO OAK STREET"

Mr. Henry:

1. Is the government aware that the national film board has plans to distribute a picture deeply offensive to the human dignity of many Canadians, the title being "Farewell to Oak Street"?

2. Has the government considered the advisability of a restricted distribution?

3. What distribution of the picture is being made under present plans of the national film board?

Mr. Harris:

1. "Farewell to Oak Street" is currently being shown in the city of Toronto. Three complaints about it have been received.

2. No.

3. It is included in the theatrical series "Canada Carries On" which is distributed for the national film board by Columbia pictures. In the normal course of events it will find its way into a large number of Canadian theatres.

Questions

CUSTOMS TARIFF—CANNED MIXED FRUIT*

Mr. Knowles:

1. Has mixed fruit been declared recently to be regarded as peaches for purpose of the customs tariff?
2. If so, by whom was such a change made, and by what authority was it made?
3. Has any increase in the tariff on mixed fruits resulted from this change?
4. If so, what does this increase amount to in respect of tins of mixed fruit when purchased by the consumer?

Mr. McCann: Answered.

Mr. Knowles: On a point of order, I believe there is an asterisk opposite the question.

Mr. Speaker: The answer to the question will have to be given orally.

Mr. McCann: The first question is:

Has mixed fruit been declared recently to be regarded as peaches for purpose of the Customs Tariff?

The answer is that certain canned mixed fruit was classified as peaches, effective January 30, 1953.

The second question is:

If so, by whom was such a change made, and by what authority was it made?

The answer is, by a decision of the deputy minister that the goods were properly dutiable as peaches, based on the premise that they consisted of a large proportion of peaches. The authority for that is found in section 43 (2) of the Customs Act.

The third question is:

Has any increase in the tariff on mixed fruits resulted from this change?

The answer is: yes; one and one-half cents per pound.

Then the fourth question:

If so, what does this increase amount to in respect of tins of mixed fruit when purchased by the consumer?

The answer is that there is no information.

Mr. Knowles: May I ask a supplementary question?

Some hon. Members: Order.

Mr. Speaker: Answered.

SALT FISH GIFTS—PURCHASES IN NOVA SCOTIA

Mr. Balcom:

1. Of the gift of salt fish by the federal government to Korea and Greece, what amount in dollar value is to be purchased in Nova Scotia?
2. Approximately what amount in dollars has already been purchased in Nova Scotia?

Mr. MacNaught:

1. $190,000.

2. $140,000.

[Mr. Harris.]

BOARD OF GRAIN COMMISSIONERS

Mr. Argue:

1. What are the names of the members of the board of grain commissioners?
2. Is any member of the board of grain commissioners on loan to any other department of government or filling any government position in addition to that of member of the board?
3. If so, is such second position of a temporary or permanent nature?
4. When is it intended that all members of the board of grain commissioners shall devote full time to the administration of the Canada Grain Act?

Mr. Dickey:

1. Donald Gordon McKenzie, John Vallance, Roy Wilfred Milner.

2. Mr. Roy W. Milner was appointed transport controller.

3. Temporary and part time.

4. Answered by No. 3.

QUESTIONS PASSED AS ORDERS FOR RETURNS

STEEP ROCK IRON MINES—FEDERAL ASSISTANCE

Mr. Knowles:

1. How much money has been spent by the federal government, either directly or through the Canadian National Railways, in each year since 1939, in construction projects the purpose of which was to assist in the mining or transport of iron ore at or from Steep Rock iron mines, at Atikokan, Ontario?
2. How much money has been spent by the federal government, either directly or through the Canadian National Railways, in each year since 1939, by way of freight subsidies in connection with the transport of ore, as noted above?
3. Has Steep Rock Iron Mines Limited received any other form of financial assistance from the federal government or from the Canadian National Railways, at any time since January 1, 1939? If so, what is the amount of any such additional assistance?

Mr. Langlois (Gaspe): Return tabled.

TEXTILE IMPORTS

Mr. Brooks:

What was (a) quantity; (b) value; (c) country of origin, of textiles imported into Canada during each month from (i) January 1, 1953 to February 1, 1954; (ii) January 1, 1952 to December 31, 1952?

Mr. Dickey: Return tabled.

WHEAT OVERAGES AND SHORTAGES

Mr. Argue:

1. What overages or shortages of wheat were shown by each licensed elevator company operating in the prairie provinces in the crop year 1952-53?
2. What overages or shortages of wheat were shown by each elevator company in its terminal operations at Fort William-Port Arthur and Vancouver?
3. On what basis did the wheat board pay for any overages it purchased: (a) country elevator operations; (b) terminal elevator operations?

4. What was the value of any overages paid to Her Majesty, under section 140, Canada Grain Act: (a) on country elevator operations; (b) on terminal elevator operations?

Mr. Dickey: Return tabled.

COUNTRY ELEVATOR LICENCES SUSPENDED

Mr. Argue:

1. In how many instances, if any, did the board of grain commissioners suspend the licence of a country elevator during 1953?
2. What was the name of the elevator company and the marketing point in each instance?
3. What was the reason for each such suspension?
4. What was the period of each suspension?

Mr. Dickey: Return tabled.

TELEVISION SETS AND PARTS

Mr. Hansell:

1. How many TV sets were sold in Canada during 1953?
2. What was the total sales price of TV sales in 1953?
3. What was the total tax received from the sale of TV sets in 1953?
4. What was the total tax received on TV parts in 1953?

RATES FOR CARRIAGE OF MAIL

Mr. White (Middlesex East):

1. What are the rates per mile paid by the post office on 15′, 30′, 60′ and 75′ railway mail cars from Toronto to Windsor?
2. What rate per unit does the post office pay for 74 bags of mail from Toronto to Windsor?
3. What is the rate per mile on 3 ft., 6 ft., 9 ft., 12 ft., 15 ft., 18 ft., 21 ft., 24 ft., 27 ft. and 30 ft. units?
4. How many times, if any, since 1940 have the railway rates on transportation of railway mail cars been increased?
5. On what dates were these increases made?
6. What was the amount of the increase on each occasion?

HOSPITALIZATION AND MEDICAL CARE

Mr. Knowles:

1. How many persons in Canada, by provinces, are enrolled in plans that provide for the cost of hospitalization, in whole or in part, in each of the following categories: (a) provincially-operated plans; (b) voluntary plans of the Blue Cross type; (c) company plans; (d) insurance company plans; (e) civil service or other public service plans; (f) others?
2. What is the average extent of coverage in respect of benefits provided by provinces and/or by categories, afforded those enrolled as set out in question (1)?
3. What is the total cost per year, by provinces and/or categories, in premiums paid by those enrolled as set out in question (1)?
4. What is the total amount paid per year, by provinces and/or by categories, for hospitalization incurred by those enrolled as set out in question (1)?
5. How many persons in Canada, by provinces, are enrolled in plans that provide for the cost of medical care, in whole or in part, in each of the following categories: (a) provincially-operated plans; (b) voluntary medical plans of the prepaid type; (c) company plans; (d) insurance company plans; (e) civil service or other public service plans; (f) others?
6. What is the average extent of coverage in respect of benefits provided, by provinces and/or by categories, afforded those enrolled as set out in question (5)?
7. What is the total cost per year, by provinces and/or by categories, in premiums paid by those enrolled as set out in question (5)?
8. What is the total amount paid per year, by provinces and/or by categories, for medical care for those enrolled as set out in question (5)?
9. Is there any duplication of persons in the answers to questions (1) and (5)? If so, what is the net total number of persons in Canada, by provinces and by categories, enrolled in such plans?
10. For the latest year for which figures are available, what total amount have the persons enrolled as set out in question (1) had to pay for hospitalization over and above the amount paid for them by the plans in which they are enrolled?
11. For the latest year for which figures are available, what total amount have the persons enrolled as set out in question (5) had to pay for medical care over and above the amount paid for them in which they are enrolled?
12. For the latest year for which figures are available, what is the total annual cost to Canadians for hospitalization, including all sums paid (a) by patients, (b) by hospitalization plans, and (c) by public funds?
13. For the latest year for which figures are available, what is the total annual cost to Canadians for medical care, including all sums paid (a) by patients, (b) by medical plans, and (c) by public funds?
14. For the latest year for which figures are available, what is the total annual cost to Canadians for (a) dental care and dentures; (b) optical care and eye-glasses; (c) nursing care; (d) any other health costs not included in questions (12) and (13) or in parts (a), (b) and (c) of this question, including all sums paid (i) by patients, (ii) by group plans, and (iii) by public funds?

NATIONAL HEALTH INSURANCE

Mr. Knowles:

1. What is the current estimate as to the annual cost of a nation-wide program of health insurance along the lines of the federal government's proposals of 1945?
2. Is the Department of National Health and Welfare now ready with material and information on the basis of which a nation-wide program of health insurance could be established?
3. Is the Department of National Health and Welfare in possession of information on health insurance programs in effect in other countries? If so, for what countries is such information now on hand? Is this information available to members of parliament?
4. Have there been consultations with the provinces concerning a program of health insurance?
5. Have any of the provinces indicated their readiness to proceed with a health insurance program on a federal-provincial basis? If so, which provinces?
6. Has the federal government indicated to any of such provinces the basis on which a health insurance plan could be established so that its provisions would apply in those provinces agreeing thereto?
7. If so, what is such basis?
8. Has the draft bill, cited as the National Health Act, which was laid before the House of Commons, on July 29, 1944, been revised to conform to the federal government's health insurance proposals of 1945? If not, has an alternative bill, setting out provisions for health insurance, been drafted? What are the terms of such a draft bill?

VETERANS ALLOWANCES COSTS, PRINCE EDWARD ISLAND

Mr. Kickham:

How much money was spent by the federal government in the province of Prince Edward Island since 1946 in connection with pensions and all other allowances to veterans and their dependents, including administration costs, such as salaries and rentals for both D.V.A. and V.L.A. offices?

NEWSPAPERS AND PERIODICALS—POSTAGE RATES

Mr. Knowles:

1. What persons, organizations and/or periodicals, if any, have made representations to the government for an amendment to the Post Office Act to permit a newspaper or periodical to be posted in some other postal area than the one in which it is published and still get the benefit of the reduced rates of postage accorded to newspapers and periodicals?
2. On what dates were such representations made, (a) by letter or other means of correspondence; (b) by personal calls on cabinet ministers individually or collectively?
3. What replies were made to such representations?
4. Have any persons or organizations made representations to the government in opposition to such an amendment?
5. If so, what are the names of such persons and organizations, and on what dates were such representations made?
6. What replies were made to such representations?

MOTIONS FOR PAPERS

PARKERS COVE, N.S.—WHARF

Mr. Nowlan:

For a copy of all payrolls for work, labour and services performed, as well as a copy of all accounts and vouchers for goods and material used or supplied in connection with repairs, additions or construction of the government wharf or wharves at Parkers Cove, Annapolis county, Nova Scotia, during the calendar years 1952 and 1953.

HALLS HARBOUR, N.S.—WHARF

Mr. Nowlan:

For a copy of all payrolls for work, labour and services performed, as well as a copy of all accounts and vouchers for goods and material used or supplied in connection with repairs, additions or construction of the government wharf or wharves at Halls Harbour, Kings county, Nova Scotia, during the calendar years 1952 and 1953.

HARBOURVILLE, N.S.—WHARF

Mr. Nowlan:

For a copy of all payrolls for work, labour and services performed, as well as a copy of all accounts and vouchers for goods and material used or supplied in connection with repairs, additions or construction of the government wharf or wharves at Harbourville, Kings county, Nova Scotia, during the calendar years 1952 and 1953.

SCOTTS BAY, N.S.—WHARF

Mr. Nowlan:

For a copy of all payrolls for work, labour and services performed, as well as a copy of all accounts and vouchers for goods and material used or supplied in connection with repairs, additions or construction of the government wharf or wharves at Scotts Bay, Kings county, Nova Scotia, during the calendar years 1952 and 1953.

BRITISH EMPIRE GAMES—BROADCASTING

Mr. Diefenbaker:

For a copy of the contract between the Canadian Broadcasting Corporation and the British Empire games committee for the radio broadcasting rights for the British Empire games to be held in Vancouver in 1954, together with a copy of any correspondence or telegrams that have passed between private broadcasting companies and the Canadian Broadcasting Corporation relative to the rights of private radio stations to broadcast during the games.

Mr. McCann: I would ask the hon. gentleman whether he would let this motion stand for a day or so, and I shall take it up with the Canadian Broadcasting Corporation.

Mr. Speaker: Stand.

EXTERNAL AFFAIRS

ALLEGED STATEMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Acting Prime Minister. Has the attention of the Acting Prime Minister been drawn to a report today over the Canadian Broadcasting Corporation that the Secretary of State for External Affairs (Mr. Pearson), when speaking in the United States yesterday, pledged Canada's help to the United States in the event of war and used these words:

> We range ourselves on the side of freedom, under the leadership of the United States of America.

If the Acting Prime Minister has had this drawn to his attention, will he inform the house whether it represents a new declaration of policy by the government?

Right Hon. C. D. Howe (Acting Prime Minister): I have not seen the dispatch nor have I seen the Secretary of State for External Affairs for a few days. Perhaps my hon. friend would let the question stand as notice until I can consult with the Secretary of State for External Affairs.

OPPOSITION BY INDIA TO UNITED STATES SUPPLYING ARMS TO PAKISTAN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): I should like to inquire whether or not radio and newspaper reports are correct that the Prime Minister (Mr. St. Laurent) will deal with India's opposition to reported plans of the United States to supply arms to Pakistan.

In view of remarks also attributed to the Prime Minister in Pakistan, will the government inform the house of its policy about a matter which is causing concern to friends of both India and Pakistan?

Right Hon. C. D. Howe (Acting Prime Minister): I have not been in communication with the Prime Minister for a few days. I have no information as to what was said, but I take it from the dispatch that he talked of Canada's aid to Pakistan and not of the United States' aid to Pakistan. I would think that I would have to be convinced by the Prime Minister himself that he did that.

Mr. Coldwell: Newspaper reports definitely mentioned the United States.

Mr. Howe (Port Arthur): Sometimes the newspapers get a little confused.

Mr. Coldwell: Will the Acting Prime Minister inquire and let us know about it?

[*Later:*]

REPRESENTATION AT GENEVA CONFERENCE ON KOREA AND INDO-CHINA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to direct a question to the Acting Secretary of State for External Affairs which has to do with the convening of the conference in Geneva in connection with the Korean and Indo-China situation. Was Canada consulted prior to the decision to hold this conference and did Canada agree to the absence of representatives of the Formosan government and to the inclusion of representatives of red China?

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): I have not received notice of this question, but subject to further inquiry I can tell my hon. friend that we did not receive advance information about this but we were informed on February 19 of the result, at the same time as the other nations participating in action in Korea were informed. This took place at a conference at Washington at which the situation was examined. It was felt that the agreement was satisfactory and in line with the United Nations resolution adopted last year. My impression is that the Chinese government would be represented there, but I am not sure and was not informed at the same time.

Mr. Diefenbaker: You mean the Formosan government?

Mr. Claxton: Yes. Further, I can say that it is understood that Canada would be afforded an opportunity to attend the meeting at Geneva as one of the sixteen participating nations.

Inquiries of the Ministry

INTERNATIONAL LABOUR ORGANIZATION

APPOINTMENT OF HAROLD C. BANKS AS CANADIAN REPRESENTATIVE

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): I should like to direct a question to the Minister of Labour. Will the minister explain why, in appointing a Canadian representative to attend the proceedings now being held at Geneva under the auspices of the international labour organization, the government saw fit to appoint Harold C. Banks, who is a citizen of the United States and who has a record of court convictions in Canada and in the United States?

Hon. Milton F. Gregg (Minister of Labour): In this case, as in others where labour representatives are required, the recommendations of the national organization were passed on to the I.L.O.

Mrs. Fairclough: May I ask a supplementary question? Do I understand that this appointment is made not by the Canadian government but by I.L.O., when the delegate is representing the Canadian government?

Mr. Gregg: The Canadian Minister of Labour concurs with and transmits the recommendation of the national organization required to provide a delegate to I.L.O., so that in that sense the appointment is made by the Minister of Labour.

Hon. George A. Drew (Leader of the Opposition): I should like to ask a supplementary question. In such transmission does the Minister of Labour not express his own judgment as to the advisability of the choice that has been made, or make any inquiry as to the suitability of the person being sent?

Mr. Gregg: The Minister of Labour has the right to make inquiries, and inquiries were made in this case, and it was confirmed that it was the desire of the national organization who made the nomination that this should be their nominee.

Mr. Drew: Another supplementary question, Mr. Speaker. Did the Minister of Labour in this case take cognizance of the representations that had been made in regard to the unsuitability of this man, and did he obtain information from the Department of Justice in regard to the record of this man that was placed before the Department of Labour? Is the minister not prepared to answer whether he did exercise his judgment in this case?

Inquiries of the Ministry

Mr. Gregg: In response to the question as to whether I conferred with my colleague, the Minister of Justice (Mr. Garson), on the appointment, the answer is no.

Mr. Drew: No, Mr. Speaker; the question was perfectly clear. Did the Minister of Labour exercise his judgment in this case, which he says he had a right to do, to determine that this was a suitable man to send as the Canadian representative on this occasion?

Mr. Gregg: Of course, Mr. Speaker, I exercised my own judgment.

SUGAR BEETS

INQUIRY AS TO ALLEGED TAX

On the orders of the day:

Mr. E. B. Huffman (Kent, Ont.): I should like to direct questions to the Minister of Finance, arising from a statement by the Leader of the Opposition (Mr. Drew) when speaking in St. Thomas and reported in the London *Free Press* on February 19, referring to taxes on sugar beets? My questions are: Is there any tax on sugar beets? Has there ever been a tax on sugar beets?

Hon. Douglas Abbott (Minister of Finance): There has never been a tax on sugar beets so far as I am aware. In 1933 my predecessor, Mr. Rhodes, recommended a tax on sugar and that tax was finally repealed in 1947.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO SALE OF PRINCE RUPERT DRYDOCK AND SHIPYARD

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): I should like to direct a question to the Minister of Transport. Is the minister aware that the C.N.R. drydock at Prince Rupert has been listed for sale and, in any event, will be closed in March, thereby injuring both the fishing and the shipping industries of British Columbia?

Hon. Lionel Chevrier (Minister of Transport): I made a statement on that matter last week, but since then there has been a change. Perhaps I should advise the house that the change came about because of representations made to myself and to certain of my colleagues of the government by the hon. member for Skeena (Mr. Applewhaite), and the fact that he brought a delegation from Prince Rupert in the riding of Skeena.

The change is that the Canadian National Railways have now agreed to postpone the sale for a period of six months in the hope that a purchaser may be found and also with the expectation that those keenly interested in the fishing industry in that area may be able to find someone who would be a satisfactory purchaser either of the whole drydock or of a portion thereof.

CUSTOMS TARIFF

CLASSIFICATION OF CANNED MIXED FRUIT AS PEACHES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): I should like to direct a question to the Minister of National Revenue. Was the decision of the deputy minister respecting mixed fruits, to which reference was made a few minutes ago, made on his own initiative or after instructions from any member of the cabinet?

Hon. J. J. McCann (Minister of National Revenue): The decision made by the deputy minister was made after consultation with the minister.

LABOUR CONDITIONS

REQUEST FOR COMMENT ON OPERATIONS OF WHEAT TERMINALS AT VANCOUVER

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of Trade and Commerce, to whom I sent notice this morning with a copy of a telegram in which the grain workers' union of Vancouver say that coastal wheat terminals are operating at only 70 per cent of capacity.

Some hon. Members: Order.

Mr. Speaker: The hon. member must not read from a telegram. Will he now put his question.

Mr. Winch: I am not reading from a telegram. Can the minister comment on the statement of the trade union in Vancouver that the facilities on the coast are operating at only 70 per cent capacity, and their fear that this is going to cause unemployment, in view of the statement made by the minister the other day on grain prices?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My comment would be that more grain is being shipped from Vancouver today than ever before in history. It is the opinion of competent grain men, including my own officers, that the port is working practically at capacity. If there is unemployment at this level of operation in Vancouver, I am unable to understand how that unemployment could arise.

WHEAT

REQUEST FOR CLARIFICATION OF REDUCED PRICE

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Acting Prime Minister. For the purpose of clarifying the effect of the reduced price at which wheat is being offered at the lakehead, so far as domestic purchases are concerned, would the Acting Prime Minister state whether or not this price reduction will be borne by the producers of wheat?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The wheat board is the agency of the producers charged with the marketing of wheat on account of the producers. The board is authorized to use its best judgment as to the prices and other factors affecting the sale of wheat. The gross receipts will be divided among all the producers and the amount returned to the producers will be the recovery made by the board from the sale of that wheat.

Mr. Zaplitny: May I ask a supplementary question. Will the result of this reduction at the lakehead mean a lower over-all return to the producers?

Mr. Howe (Port Arthur): Lower than what? I suppose if the board was not able to sell wheat at all the return would be lower. It would certainly be later anyway. As I say, the sales are made by the wheat board on account of the producers with the board using its best judgment as to the basis of the sales. Perhaps my hon. friend can sit back quietly and answer his own question.

[*Later:*]

PRICE EQUALIZATION POLICY AT FORT WILLIAM, PORT ARTHUR AND VANCOUVER

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to ask a supplementary question arising out of the question asked by the hon. member for Vancouver East (Mr. Winch). Is it the intention that the setting of different prices for wheat at Fort William and Port Arthur and at Vancouver is to be a permanent policy or is it merely to meet a temporary situation?

Right Hon. C. D. Howe (Minister of Trade and Commerce): In announcing the policy on Thursday last, I said it was a policy of the day. I announced the prices of that day and I said that tomorrow they might be different. The purpose of the policy is to equalize delivered prices from the two ports as far as shipments to England and the continent are concerned. We have had for two or three months a rather absurd situation in that grain destined for the United Kingdom is hauled west from Saskatchewan to Vancouver, then from Vancouver through the Panama canal to England, whereas logical pricing would make it possible to move that grain through eastern ports at a price that would equalize with west coast shipments at the destination. The purpose was to equalize prices at destination, and that will be the purpose in the future. As navigation opens and the St. Lawrence comes into use the price differential will of course be reduced.

Mr. Green: Then in future prices are to be dropped at Vancouver over other points if the quantity of grain going through there does not happen to be of the right proportion?

Mr. Howe (Port Arthur): I did not say that prices would be dropped at Vancouver; I said that prices at delivery points would be equalized.

POLIOMYELITIS

INQUIRY AS TO PRODUCTION OF POLIO VACCINE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to ask the Minister of National Health and Welfare if his attention has been drawn to a news item entitled "School Test for Polio Vaccine" which appeared in the New York *Times* of Monday, February 15, 1954, wherein Dr. Van Riper indicated that the vaccine trials in the United States scheduled to begin February 8 will be delayed owing to a shortage of vaccine? Will the minister comment on the situation and state whether or not production of virus at the Connaught laboratories has in any way delayed this program?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I should think that this is the kind of question that could easily go on the order paper, but lest there be any suggestion that this is a matter of great urgency may I say that I did see this article and if there is delay in the testing that delay is as a result of operations outside this country. I visited the Connaught laboratories on Monday last and the production of virus is going on according to plan.

TRADE

INQUIRY AS TO APPOINTMENT OF RUSSIAN TRADE REPRESENTATIVES

On the orders of the day:

Mr. O. C. Trainor (Winnipeg South): I should like to direct a question to the Secretary of State for External Affairs (Mr. Pearson) and in his absence perhaps the

Acting Prime Minister will undertake to answer. Has the government any information concerning the appointment of U.S.S.R. trade representatives to Canada? In the event of such appointments has the government any announcement to make that such ostensible trade representatives may not be used as espionage agents?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, the officers of my department have been advised that the U.S.S.R. are sending trade representatives here. We have trade representatives from most countries in the world here in Ottawa and we are prepared to assume that this is a bona fide trade appointment. We have no reason to assume otherwise.

PRAIRIE FARM ASSISTANCE ACT

INQUIRY AS TO AMENDMENTS FOLLOWING REQUEST BY MANITOBA GOVERNMENT

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to ask the Minister of Agriculture if it is his intention to recommend to the house amendments to the Prairie Farm Assistance Act along the lines requested by the government of Manitoba.

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I think the request made by the government of Manitoba was made last November. There have been considerable discussions since and it has been determined here that any decisions which could have been made under an amendment to the act with regard to applications made by the province of Manitoba have been made already to the satisfaction of most farmers, in so far as we could give satisfaction under the Prairie Farm Assistance Act.

Mr. Zaplitny: May I ask a supplementary question. Were the changes referred to by the minister made in the regulations or were they made by order in council?

Mr. Gardiner: Mr. Speaker, no changes were made in the regulations. The administration of the regulations is under a committee of three which meets from time to time and considers any objections that are taken by farmers as to the treatment they receive under the act and regulations. In considering the objections that were taken by farmers in the Dauphin area the committee made decisions which I understand were as near to the satisfaction of the farmers in the area as anything that could be made under any amendments which could have been made without changing the principle of the act itself.

[Mr. Trainor.]

DUMPING

INQUIRY AS TO APPLICATION OF AMENDMENT TO ACT

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): I should like to direct a question to the Minister of National Revenue. The Toronto *Daily Star* of February 18 contains an article under the headline "Ruling Bars U. S. Bargain Refrigerators." This article refers to a ruling by the minister's department based on a recent amendment to the Customs Act. Would the minister please advise to what particular products this amendment to the Customs Act has so far been applied in order to reduce imports, either by the creation of a mass of red tape or by increasing the percentage rate of the import duty?

Hon. J. J. McCann (Minister of National Revenue): That is a rather detailed question and I shall take it as notice and give an answer later.

SALARIES ACT

AMENDMENT TO INCREASE SALARIES OF MINISTERS

The house resumed, from Friday, February 19, consideration of the motion of Mr. St. Laurent for the second reading of Bill No. 172, to amend the Salaries Act.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I wonder whether, in proposing this legislation, the members of the cabinet appreciate what their colleagues, the Minister of National Revenue (Mr. McCann) and the Minister of Finance (Mr. Abbott), are going to do to them as a result of this increase. It is apparent that the Acting Prime Minister (Mr. Howe) has not yet realized the position because, speaking on Friday last, he said, as reported at page 2250 of *Hansard*:

> Assuming that a minister is a married man with two dependent children, which may be flattering to some of my colleagues, his tax deduction today would be $3,700.

That may have been correct a week ago, but it was not correct on Friday when the Acting Prime Minister spoke.

According to my calculations, a married man with two dependent children, with no other income, would be liable to a tax of $5,375. I hope the Acting Prime Minister will check his figures. I am sure he has no one from the Department of National Revenue or his own bureau of statistics working out his income tax return, because there is a considerable difference between $5,375 and the figure the Acting Prime Minister

gave on Friday of $3,700. There is a difference, in fact, of $1,675, and the tax on the new amount will be $2,250. I am not suggesting that these are not sizeable amounts, but I have paid some attention to instructions regarding relevancy since Friday, Mr. Speaker, and if one gives consideration to the relevant amount the present position is this.

A member of the cabinet who has no other income receives a salary on the present basis of $20,000, less $5,375 tax, which would leave $14,625, plus a car allowance of $2,000, which is not taxable, and he would have a total amount of $16,625, or $1,385 per month.

In all seriousness I want to suggest that when one is in a position of obtaining $1,385 per month one should ask oneself whether it is worth it to meet the criticism one must meet in order to receive an extra $230 per month.

I will concede that I do not know a member of the cabinet who would not be in a better position today than he is now if he had never entered public life; but a number of years ago, I am sure for very good reasons, the members of this cabinet decided to enter public life and I for one cannot express a great deal of sympathy for those who have missed making a great fortune.

In fact, I believe some of the unhappiest people I have ever known during my lifetime have been people who made the mistake of trying to accumulate money, and with few exceptions, whether they made a lot or very little money, they missed a great deal in life.

Even if the members of the cabinet were able to save every cent of this increase for ten years it would amount to only $27,500. Again I am not suggesting that is not a considerable sum, but it is a very small amount compared with the fantastic fortunes that have been made by some people in Canadian history.

There was the case of the member of the other place who died recently. In one report I saw his estate valued at $1,750,000 and in another it was estimated at $1,200,000. It takes a long time to save that amount of money even if one saved the entire indemnity of a senator, previous to the last increase. If a senator did not spend one cent of that $6,000, it would take 200 years saving that amount per year to accumulate $1,200,000.

I therefore suggest it is too late now for the members of the cabinet to feel sorry for themselves and to wonder what their position might have been if they had stayed out of public life and devoted their time to practising law or pursuing a business career or doing anything else that might enable them to accumulate a sizeable fortune.

It has been demonstrated in Canadian history that a cabinet can so organize the affairs of the country that we can plan our production and consumption with unemployment and a low standard of living, or full employment and a high standard of living. If the cabinet will so organize our affairs that we can have a high level of employment and a rising standard of living, then they will have no need to worry about the future.

If, on the other hand, our economy cannot be organized so we can have full employment and a high standard of living, then I submit that for them to try to put themselves in a preferred position is folly. I suggest it must be very difficult to explain how one cannot get along on $1,385 per month but that an additional $230 or a total of $1,615 per month after payment of tax would be adequate.

I wish to add before I conclude that I have a very high personal regard for the members of the cabinet. I have never thought that, because I am in opposition, my constituents have suffered. I feel sure that in spite of these critical remarks the views I express will not be held against my constituents when I have occasion to consult members of the cabinet in connection with various problems.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I want to go on record, along with other hon. members, as opposing the bill now before the house for increasing by $5,000 a year the salaries of members of the cabinet. I also want to associate myself with those who have emphasized that their remarks were in no way directed against the persons who compose the present Canadian cabinet.

My opposition to this bill is based on my belief that this bill would not be in the best interests of the people of Canada if it were passed by parliament at this time. I believe hon. members should bear in mind, and I believe the cabinet should also remember this, that they are now assured of an increase in salary amounting to $4,000 a year because of the fact that they are members of parliament. Members of the cabinet will now receive a salary of $22,000 per year instead of $18,000 per year which prevailed when this parliament began.

I believe $22,000 a year is sufficient for a cabinet minister and in keeping with our concept of democracy and the present economic prospects for the rest of the people of this country. I can think of occasions when

an increase in the salaries of cabinet ministers would be absolutely necessary. I believe such an increase would be necessary if we had gone through a period of violent inflation which had made the purchasing power of salaries so low that an increase became absolutely necessary. It is true that we have gone through a period of inflation. However, I believe the result of that inflation has been overcome, as far as the cabinet is concerned, to a considerable extent by the increase that has already been placed in effect. I would think, too, that it would be quite in order for the government to move an increase in cabinet ministers' salaries in keeping with general increases in the economic standard of living of the people of Canada. But it seems to me that at the present time the prospects for the average Canadian are perhaps for a lowering of the standard of living rather than for an increase in it.

An hon. Member: It has never been better.

Mr. Argue: Certainly the most optimistic prediction I have heard from any minister of the government is that the rate of improvement in our standard of living is likely to be less in the future than it has been in the recent past. I say that if the vast majority of Canadians could look forward to a continuing increase in the standard of living over the next few years, then perhaps a move like this one might be justified.

Just previous to the present debate we had a debate on unemployment. The business for the house today is, first, the measure we are now discussing, to be followed by a debate on unemployment. I cannot see any consistency in the proposal now advanced to increase the salaries of members of the government and I cannot understand how their arguments for an increase can be justified if they are to be followed in a few moments perhaps by the very opposite arguments against doing something immediate about unemployment. In other words, when unemployed workers come to the House of Commons and to parliament they are met by ministers of the government saying to them, "Your wages have gone up by a tremendous rate; you are helping to price yourselves out of the market; the best thing you can do is to change employment", and then the next time saying, "We need an increase in cabinet ministers' salaries".

Mr. Fulton: Is the hon. member suggesting a change of employment on the opposite side of the house?

Mr. Argue: That change might follow. I do not know. The public decided a year ago that there should be no change in employment. Of course, I think the public came to their conclusion without the benefit of any advance knowledge of the bill now under discussion. Nevertheless, the country decided the political party that should form the government, and that political party will continue in office during this parliament. I do not know who is the author of the note that was just handed to me, but it says "They will price themselves out of the market". I do not know just what that means but at any rate it sounds like something I could support. To suggest an increase of $9,000 a year, made up of $4,000 increase as a member of parliament and $5,000 as a cabinet minister, is advancing a proposition that, at this stage in our economic development, is fantastic. People working in the farm implement industry have been told that their wages are too high in relation to the competitive position of the country. They have been told that $2.14 an hour for the members of that industry is a wage that has resulted in pricing themselves out of the market. A wage of $2.14 an hour in that industry means an income of $60 a week or $3,000 a year. This bill when enacted—if it is enacted—will result in a total increase of $9,000 a year; in other words, the amount of that increase is three times as much as the income of these individuals who were told, not so long ago, that their wages were at a point where they were pricing themselves out of the market.

I may not be the brightest student of economics but I cannot understand how one moment you can say to workers that $2.14 an hour is such a high wage that you are pricing yourselves out of the market and then come to parliament with a bill such as the one we have before us this afternoon.

The net income of farmers went down last year and the year before, 1952. The forecasts are that farm income in 1954 will go down. The forecasts are that the cost of living will level out or will go down. I for one believe that the present rate of pay, without this measure, to members of the government is sufficient. In a democracy such as ours I believe that members of the government—yes, members of parliament—should be paid an income in keeping with their responsibilities, if you like, one that will give them and their families, while they are carrying on in public life, an amount sufficient to remove severe financial worries. I imagine that it would be rather difficult to give your undivided attention to the needs of the country if you are compelled to consider your own economic situation and if you are faced with a good deal of worry

on that account. However, it seems to me that if this bill were turned down, the present state of affairs would give the cabinet ministers a reasonable remuneration.

I suppose that the personnel of the cabinet are like the personnel in the House of Commons, or in the C.C.F. group or that you may meet in any walk of life. You have the kind of people you have in a school class. You have good students, fair students and below average students. I suppose that in the cabinet there are cabinet ministers—I do not know which ones they are—who have not quite so much ability as have certain other cabinet ministers. But the cabinet ministers whom I see in the front row of the government benches this afternoon in this house could go out of parliament, I am sure, and earn far more than they will get even with the passage of this measure.

Mr. Hodgson: Not all of them.

Mr. Argue: I said "those in the front row". I was being careful. I think I could perhaps even move into the second row and include the cabinet ministers that I see in their seats there this afternoon. As I say, I do not know which ones you would put ahead of which other members of the cabinet, but I am sure that a great many of the cabinet ministers could in private life earn far more than they will get from the passage of this measure. So whether this bill is passed or not, it will not bring the same financial remuneration that they would have if they had not come into public service. I know that the Acting Prime Minister (Mr. Howe)—and this is well known—could have continued to make far more in his private business than he could representing the country. The Minister of Justice (Mr. Garson) came from a very responsible position, the premier of a province, into the cabinet. I believe that the members of the cabinet, yes members of parliament generally, come to parliament hoping that they will be able to render a public service by accepting such a position.

I do not really believe this increase will get better cabinet ministers. I do not believe it will result in getting cabinet ministers of any lesser ability than we now have. I do not believe people join a political party, run for office as members of parliament, and are accepted into the cabinet because of the pay that is involved. Rather, I think they accept those responsibilities in the hope that they will be rendering a service to their country. I feel that the remuneration now provided, without this measure, is in keeping with the responsibilities and the dignity of the position that they now have.

Mr. Deputy Speaker: If the Acting Prime Minister (Mr. Howe) speaks now, he will close the debate.

Right Hon. C. D. Howe (Acting Prime Minister): I have been amazed at the course of this debate. A good many reasons have been advanced as to why members in this house will oppose this bill. The Leader of the Opposition (Mr. Drew) opposes it because he thinks other systems of remuneration might be more appropriate. The method of remuneration that is proposed is the traditional method. It was established at confederation and has continued throughout the years. From my experience, I believe that it is the proper method of remuneration for men who are asked to work as a team in the cabinet of this country.

The Leader of the Opposition spoke of the British system. There is a little variation in the British system. The Prime Minister receives, as first lord of the treasury rather than as Prime Minister, a salary of £10,000 per annum, and that continues throughout his lifetime. The Lord Chancellor also receives £10,000 per annum. The Attorney General receives £10,000 per annum, and the Solicitor General receives £7,000 per annum. All members of the cabinet other than those named receive £5,000 per annum. It might be of interest to note that under that system the chief whip in the Commons receives £3,000 per annum and the Leader of the Opposition receives £2,000 per annum. I doubt if the Leader of the Opposition would be too well pleased with his salary under that system, nor would he be pleased for long with the situation that obtains now.

At the moment the Prime Minister of this country and the Leader of the Opposition receive exactly the same salary and exactly the same perquisites.

Mr. Green: May I ask the minister if he is not wrong in that statement? He said the Leader of the Opposition and the Prime Minister received the same salary.

Mr. Howe (Port Arthur): At the moment.

Mr. Fulton: But they do not receive the same perquisites.

Mr. Howe (Port Arthur): They get a free house and free travel.

Mr. Green: No, not from the taxpayers.

Mr. Howe (Port Arthur): What rent does the Leader of the Opposition pay?

Mr. Fulton: I know the Acting Prime Minister (Mr. Howe) would not want to leave a wrong impression in the country. The taxpayers do not provide the Leader of the Opposition with a house.

Mr. Howe (Port Arthur): It is provided by friends of the Leader of the Opposition.

Mr. Macdonnell: We are talking about taxpayers.

Mr. Howe (Port Arthur): They both get free houses, except that the Prime Minister chooses to pay $5,000 a year rent for his house. However, I am simply pointing out that I think the Leader of the Opposition would be the first to agree that the Prime Minister carries responsibilities in this country which do not fall upon the shoulders of the Leader of the Opposition. In the absence of the Leader of the Opposition I think I can say fairly that he would not be happy to have the present position maintained.

I see the Leader of the Opposition is now entering the chamber, so I shall repeat my statement and he can object if he wishes. I was pointing out the British scale of salaries, and I was saying that I did not think the Leader of the Opposition would be too happy if we adopted the pattern that is used there. I said also I did not think he would be too happy about the situation that obtains at the moment, when the salaries and the perquisites of the Prime Minister and Leader of the Opposition are exactly the same. I think I am correct in that.

Mr. Drew: Perhaps since this has been directed to me I might point out that that is only an accident of circumstances. The reason the leader of the opposition is receiving the same as the Prime Minister is that it happens that the leader of the opposition in Westminster was prime minister and is receiving—

Mr. Abbott: No, in Canada.

Mr. Drew: Mr. Speaker, I do not agree with that, because the Acting Prime Minister obviously has not read the measure.

Mr. Abbott: The measure is not through yet. You are opposing it.

Mr. Knowles: Some of us know the circumstances upon which the Acting Prime Minister is basing that statement. He makes it clear when he says "at the moment" that he is referring to the fact that the bill amending the Senate and House of Commons Act was given royal assent last Tuesday. Since that date the salary of the Leader of the Opposition has been raised to the salary the Prime Minister is receiving until this bill is passed. It is only an accident in the timing of these bills that enables him to make that statement, and I suggest that the minister should admit he is having a bit of fun at the expense of the Leader of the Opposition.

Mr. Howe (Port Arthur): My statement is correct, at the moment.

Mr. Hodgson: The Acting Prime Minister is leaving a wrong inference there, which I feel he ought to clarify.

Mr. Howe (Port Arthur): It has been said by several speakers that the glory of being a cabinet minister should be compensation enough; the salary should not matter. Perhaps it is enough for the head of the family; but is it enough for his wife and children? After all, most members of this cabinet are spending the most productive years of their lives in the service of the crown, years when I think all of them could be making provision not only for their old age but for the future and education of their family. I know from my experience in the cabinet over the years that the salaries are not sufficient in themselves to permit suitable provision for their wives and children.

People may think it is rather embarrassing for me to stand here and plead for a raise in pay for myself. I may say that this is not a movement by the cabinet as a whole. It is a movement by three or four older members of the cabinet who are not particularly concerned about their own salary, and who no longer have dependents. They are trying to right an injustice which has been allowed to continue far too long.

This is the fourth time since confederation that the salaries of cabinet ministers have been increased. They are not increased often. The period which has elapsed since the last increase is the longest by far of any of the periods during which cabinet ministers' salaries have been unchanged. The present salaries were fixed in 1920. When any changes have been made in the past, the increase has been about 50 per cent, and we are following that pattern once again. Does anyone know of any class of salaries that have not been increased by 50 per cent since 1920? I do not know of any class of salaries that have not. I believe that in fixing the rate of increase we have not only followed the pattern, but have made a reasonable adjustment of the salary scales referred to in the bill.

Mr. Bennett was discussing these very same salaries I am discussing today when he spoke back in 1931; and that was a year, as my hon. friends from Saskatchewan will know, when wheat was selling at 20 cents a bushel on the farms. This was what Mr. Bennett had to say, as it appears at page 4507 of *Hansard* for that year:

> But it is unfair to ask men to leave their homes and their professions, in many instances their future, and come to the city of Ottawa and live

here, maintaining that position which they are bound to maintain by virtue of their office, and then find themselves, at the end of a term of office, hopelessly bankrupt. That has happened in this city. It has happened during the last few years that one of the leading ministers of the crown found himself in that position, and when he departed this life his estate indicated that that was so.

Men in politics should not be compelled to rely upon the benefaction of friends or otherwise, so far as the duty they owe the state is concerned; and when men serve Canada for the miserable pittance they get, as compared with what they would receive if they were practising their professions—they would get twice as much—to say that they should come here and find themselves, after a term of office, with their little savings gone, with their families on the threshold of life, without much opportunity to get an education because of the cost, and then to expect them to maintain the dignity of their office, entertaining, dispensing hospitality, treating visitors as they should treat them, moving to and fro, from one place to another, maintaining cars, I do not believe that anybody would suggest that this is at all reasonable.

Mr. Bennett, speaking in 1931, was talking about present-day cabinet ministers' salaries. As I say, I think the comment that other systems should be reviewed is hardly one that would lead hon. members to vote against this measure.

I was very interested in what was said by the hon. member for Greenwood (Mr. Macdonnell), who said that he does not know enough about the salaries position to be able to vote for the bill, and that therefore he would vote against it. I would point out that the hon. member for many years was general manager of one of the greatest trust companies in the country, a company with branches from coast to coast; and I think if anyone should know about salaries, the hon. member for Greenwood should be that man—and about pensions, as well.

I hope the hon. member for Dufferin-Simcoe (Mr. Rowe) will not vote against the measure for the reason he is not sure we are not paying cabinet ministers too much. In his idle moments he can go out, after he has performed his duties as a member of parliament, and, as the head of one of the great pulp and paper companies in the country, draw a salary three or four times as great as the salaries we are discussing here.

I could pass along the same thought to several other members in the house. I see the hon. member for Calgary South (Mr. Nickle) in his seat. I hope he is not going to say that he will vote against the measure because he thinks no man can earn that much money. I could even find a member in the C.C.F. party who should not be appalled at the scale of salary indicated in the measure. I think he knows something about salaries as large as that, and that he has also earned as large a salary in his idle moments, after completing his duties here in the house.

However, I do not know that we want to pursue that point any farther. I was interested in the reason given by the hon. member for Winnipeg North Centre (Mr. Knowles) for not supporting the measure. He said he could not support it because he does not think the car allowance provision is legal. All we know about the car allowance legislation—and he tells us it was drafted by the present Auditor General—is that it was sponsored in the house by the then prime minister of Canada, who was certainly one of the great legal authorities of his generation. It has been passed upon from time to time by law officers of the crown. And, just to make sure, in the last two or three days I referred it to the law officers of the crown, and they tell me that the provision introduced by Mr. Bennett, in 1931, is a continuing provision that will be the law of the land until it is repealed by parliament. The argument that it could be regarded as a temporary measure is one that would convince no one, except the hon. member for Winnipeg North Centre.

It has been suggested by others that if we pass the bill it will upset the welfare legislation that we have enacted. I have heard some statements about unemployment insurance payments. I have heard it suggested that the $24 a week unemployment insurance payment, what has been described as a mere pittance, will be cut if this bill is passed. I have heard it suggested that payments to veterans will be cut, and that somehow this bill is going to affect payments to the blind. I did not hear a similar reference with regard to family allowances; I am sure hon. members must have overlooked them. Let me give an assurance that none of those benefits will be cut if this bill passes the house.

It has been suggested by the leader of the C.C.F. party that he speaks for his group in opposing the measure.

An hon. Member: No, no.

Mr. Howe (Port Arthur): Well, I was going to say that I think there is at least one hon. member sitting in that group whose feet are on the ground, and who had a down to earth view of practical problems. And I have often thought I would like to attend a C.C.F. caucus when certain measures were being discussed. I am sure I would enjoy that, but that cannot be my privilege.

I do not wish to discuss the matter further. As I say, this measure is being sponsored by three or four older members of the government. We think it is a duty we owe to our successors and to our younger colleagues who, we have reason to know, cannot carry on

the very onerous duties of their positions without also having on their minds domestic financial problems that certainly should not have to be a source of worry to them.

That is my submission, Mr. Speaker.

The house divided on the motion (Mr. St. Laurent) which was agreed to on the following division:

YEAS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Balcom
Barnett
Batten
Benidickson
Blackmore
Boisvert
Boivin
Boucher (Restigouche-Madawaska)
Bourget
Brisson
Bruneau
Buchanan
Byrne
Campney
Caron
Carter
Cavers
Chevrier
Claxton
Cloutier
Croll
Dechene
Decore
Deschatelets
Deslieres
Dickey
Eyre
Fair
Fairey
Follwell
Forgie
Fraser (St. John's East)
Gagnon
Gardiner
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gillis
Gingras
Girard
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hahn
Hansell
Hardie
Harris
Harrison
Hellyer
Henderson
Holowach
Houck
Howe (Port Arthur)
Huffman
Johnston (Bow River)
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Lapointe
Leboe
Lesage
Low
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCulloch (Pictou)
McIlraith
McIvor
McMillan
Mitchell (Sudbury)
Nixon
Philpott
Pickersgill
Pinard
Pommer
Pouliot
Power (Quebec South)
Power (St. John's West)
Prudham
Purdy
Quelch
Ratelle
Richard (Ottawa East)
Robichaud
Robinson (Simcoe East)
Ross
Schneider
Shaw
Shipley, Mrs.
Smith
Stick
Stuart (Charlotte)
Studer
Thomas
Tucker
Valois
Villeneuve
Weir
Weselak
White (Waterloo South)
Winters
Wood
Wylie
Yuill—116.

NAYS

Messrs:

Argue
Bell
Blair
Brooks
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Coldwell
Diefenbaker
Drew
Ellis
Fairclough, Mrs.
Fraser (Peterborough)
Fulton
Green
Harkness
Hodgson
Howe (Wellington-Huron)
Johnson (Kindersley)
Jones
Knight
Knowles
Lennard
Macdonnell
MacInnis
MacLean
McCullough (Moose Mountain)
Monteith
Murphy (Lambton West)
Nicholson
Nowlan
Pearkes
Regier
Robinson (Bruce)
Rowe
Stewart (Winnipeg North)
Thatcher
Trainor
Tustin
White (Hastings-Frontenac)
Winch
Zaplitny—44.

Bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Salaries of ministers.*

Mr. Knowles: Mr. Chairman, when the Acting Prime Minister spoke a few moments ago he made two statements to which I must take exception. First he indicated that my reason for being opposed to this legislation had to do solely with the matter of the motorcar allowances. I think he will be the first to admit that when I began my remarks on Friday I indicated my opposition to the bill was in relation to its substance. I am opposed to the proposed increases. I introduced the question of the motorcar allowance as a subsidiary reason why I was opposed to the bill.

The other statement which the Acting Prime Minister made to which I must take exception was his remark that I had alleged that the paying of the motorcar allowance was illegal. Had it not been for the fact that I knew we would shortly be in committee of the whole when I would be able to deal with the point I would have raised a point of order or a question of privilege at that time. I felt that this was the easier way to do it. I would remind the Acting Prime Minister that when I discussed this question of the motorcar allowance on Friday, February 19, I said, as reported on page 2259 of *Hansard*:

> I am not alleging that the paying out of this money is illegal.

I made that quite clear on Friday, as I have done on previous occasions. I then went on to say:

> If it were the Auditor General would have said so long ago. But I am asserting in the words of the Auditor General that although it may be proper

to deal with a transitory matter by means of items in the estimates, it is not fair to parliament nor to the recipients to continue year after year making payments of this kind on the basis of an item in the Appropriation Act of 1931, which was spent long ago.

I certainly do not intend to take the time of the committee in repeating the arguments which I advanced on Friday of last week, but I would remind the government that Mr. Watson Sellar, the Auditor General, made it perfectly clear that although this practice was legal it had undesirable characteristics, that it was not the proper way to make a payment which is to be made year after year and that it should be dealt with in some other manner. The Auditor General has suggested two or three times that there were other ways in which an item such as this should be handled.

Just in case you may be wondering, Mr. Chairman, and it would be a perfectly proper point for you to wonder about, how this question of motorcar allowances comes in in relation to the salaries of ministers, I would point out to you and to members of the committee generally that the bill before us is to amend the Salaries Act. That act now provides for each minister a salary of $10,000, but if you open the blue book of estimates to the first item of any department—

Mr. Howe (Port Arthur): Look at page 152.

Mr. Knowles: Page 152 is in the breakdown in the back of the book and the minister is perfectly correct in drawing attention to that. He is referring to his own department, the Department of Defence Production, but I remind the Acting Prime Minister that we do not pass the details in the back of the book; we deal with the estimates as they are set out in the front.

On page 12 we find the item to which the minister is now referring, "Minister of Defence Production—salary and motorcar allowance, $12,000". My point is that since the present $10,000 item in the statute becomes an item of $12,000 in the estimates we can only assume that if this bill should pass and the minister's salary becomes $15,000, in next year's blue book of estimates that $15,000 will turn up as $17,000. True it may be shown as salary and motorcar allowance, but the two will be put together in that way.

If one were to ask next year as to the basis upon which that amount is called statutory, he will no doubt be told that $15,000 of it is on the basis of the Salaries Act and the other $2,000 is on the basis of an item in the 1931 estimates. My colleague, the hon. member for Vancouver-Kingsway, says that in other words there is no statutory authority. The authorities would argue about that point back and forth. Those who would take the government side would say that it is what is known as a continuing item. I think Mr. Watson Sellar has been very clear that a continuing item is all right for something that is transitory, but it is not all right for an item being continued across the years. The remarks of the Acting Prime Minister when he closed the debate on second reading today implied that it was going to stay there in that way for a long time to come.

As I said on Friday, when we get to clause 2 of this bill we will find that we are tidying up a matter that is parallel to this one. I shall not discuss it now because that is under another clause, but I think it is proper for me to point out that if we are tidying up a point parallel to this one, we should be tidying up this one at the same time. I for one am disappointed that this has not been dealt with on this occasion. If it is not dealt with now when the Salaries Act is being amended the chances of it being dealt with so far as this statute is concerned become very poor.

Of course, there is one other way it could be handled. The government could pay some attention not merely to what I have said but to what the Auditor General has said and provide in next year's estimates an item for the motorcar allowance set out separately from each minister's salary, and put it in as a numbered item rather than as an "S" item, so that parliament could actually vote upon it.

I have referred to this matter a number of times and on several occasions I thought the Prime Minister appreciated the point and was interested in having matters of this kind tidied up. The last occasion on which I drew the matter to his attention was on June 29, 1951, when I related this item in a general way to other items similar to it and asked him if any progress was being made in tidying up these matters. The answer the Prime Minister gave, as reported at page 4970 of *Hansard*, is as follows:

Progress is being made, but we have not yet reached the end we shall have achieved when the progress has been completed.

Well, of course, that produced a laugh in the house and brought that particular exchange to an end, but I dared to hope that it signified that attention was being given to the point. I see that attention has been given to one of these matters and we are being asked to deal with it in this bill. That comes up under the next clause. But this one has not been touched. I had hoped that consideration might be given to this matter over the week end and that that consideration would result in a willingness on the part of the government to deal with it in this statute. The words of the Acting Prime Minister a few

moments ago do not suggest that that has been the result of such thinking, though I still hope it might be considered.

If the government is not prepared to make this change by a change in the Salaries Act, then I ask that consideration be given to separating the motorcar allowance from the salaries in the estimates, and putting it in as an item that we can vote every year, in the same way in which we vote an item covering the extra $4,000 paid to parliamentary assistants. No one has ever suggested putting the word "annually" into that item and no one has ever tried to make it a continuing item. We vote on it every year and the same should be done with respect to the motorcar allowance.

If the situation is not to be dealt with in a more satisfactory manner than has been the case thus far, I would like to hear from the Acting Prime Minister, or the Minister of Finance, or any other member of the cabinet who wishes to answer the question, as to when and by whom the decision was made that this motorcar allowance was to be free of income tax.

Mr. Howe (Port Arthur): Mr. Chairman, the point at issue is an interesting one. It is really a battle between legal giants. As I said, the statute was framed by Mr. R. B. Bennett, when he was prime minister, and it has been discussed by Mr. St. Laurent, who is also a legal authority. My hon. friend, on the basis of his legal training and experience, does not like it. I do not know that we can do much about it. We are told that this statute is a statute of Canada and it is binding until it is repealed. The purpose of this bill is not to repeal it. This is a separate piece of legislation. The hon. member asks why the allowance is tax-free. The answer is, because it was voted to cover an expenditure for a definite purpose. Before 1931, from the time when automobiles were invented, each minister of the crown had an automobile and a chauffeur at his disposal. That is still true in most of the countries I have visited. I do not think I have ever been in a country where members of the government were not furnished with motorcars and drivers. We do not have that provision here and I personally am not sorry. If we have an official visitor I can lend him my car, providing my wife is not using it and I do not require it. Otherwise he would have to travel by taxi. That is all right, but in 1931 it was not the desire to lower, if you like, the standard of government representation, and it was the intention to do away with that practice of providing automobiles and instead make an allowance which could be used for the purpose indicated.

An expenditure of that kind is, of course, when properly authorized, not taxable and that is the reason an expenditure for a definite purpose by a minister is tax free. My hon. friend will realize that even parliamentary salaries paid to members of parliament include $2,000 which is set aside as an expense account and it is not taxed. The two items are on a par. An hon. member not a member of the government receives $2,000 which is set aside for his expenses and a minister receives $2,000 which is set aside for automobile expense.

Mr. Knowles: On that particular point, the $2,000 expense allowance is covered by a section in the Senate and House of Commons Act. The wording there, if I recall it, is odd; at least it is odd to me, in that it is in a negative form. It does not say that the expense allowance paid to private members is tax free. On the contrary, it says that the expense allowance in the case of senators, cabinet ministers and the Leader of the Opposition is taxable; but I take it it has been resolved from that that since the other recipients of that allowance are not included in the taxable category therefore in their case it is tax free.

I am getting some free legal advice from a very good lawyer here who tells me that it is not on that basis at all but because it is referred to as an expense allowance. The point I would like to have cleared up then is this. Who actually made the decision that the motorcar allowance was the type of allowance that through all these years should be free of income tax? Was it made by someone in the income tax department, someone in the justice department, or was it made by the cabinet? Certainly it was not made by parliament.

Mr. Howe (Port Arthur): The wording of the item indicates that it was to be a continuing payment to cover an expenditure.

Mr. Gillis: Mr. Chairman, I am not going to go into the realm of the legal aspects of the motorcar allowance. It has been in existence since 1931 and it is about time somebody made up his mind about it. I do not think I am the person to give advice about that. My experience with the income tax people has been that if there is anything coming to them they generally get it.

But I want to make a few observations of a general nature on this first item, Mr. Chairman, because I anticipate that as we go through the different clauses of the bill there are going to be amendments. I voted for the resolution which preceded this bill and the indemnity bill and I am going to vote for this

bill all the way through, as I indicated when I voted on the resolution. I will do so because I do not believe, after listening to all of the arguments on unemployment, social security measures, and so forth, that they enter into this picture at all. I do not believe you can strengthen the weak by weakening the strong. That has been my attitude from the very start of discussions on this bill.

I also like to see a difference of opinion even among a group because if you get one, two or three people thinking exactly alike it indicates that only one of these people is thinking at all. The rest are merely going along.

Mr. MacInnis: There must be a lot of people on that side of the house not thinking.

Mr. Gillis: I am drawing no distinction between the two sides of the house.

Mr. MacInnis: About 170 I should think.

Mr. Gillis: In this particular case there are at least two of us in this group who are trying to do our own thinking. However, putting this increase for cabinet ministers on the basis of income or salary is in my opinion basing it on the wrong premise. I believe the Acting Prime Minister put it in its proper perspective when he said the cabinet minister's indemnity is a compensation which permits him to meet the commitments imposed upon him because of the office he occupies.

Commitments made by cabinet ministers or by members of this house are not organized or brought about by themselves. They are commitments that are organized for them by someone else. They are passed on to you. You meet the bill whether you like it or not. I have never looked upon the compensation paid either to members or to the cabinet as being a matter of salaries. It is a straight matter of enabling you to meet your commitments.

As the Acting Prime Minister pointed out, there is only one thing wrong with this legislation, namely that it should have been brought in in 1941 or 1942. That is when it should have been brought in. I think the cabinet of that day and the prime minister of that day missed the boat. I am sure that most hon. members who take a reasonable view of the matter will agree that, after a lapse of 33 years, it is time there was an adjustment in the indemnities that are paid in this house, all round. As far as the cabinet is concerned, that indemnity was fixed back in 1933, when their commitments were relatively simple compared with what you have got to meet today. As far as I am concerned, I am going to say this quite frankly. I would not accept a cabinet post for any money, because no money could compensate you for the misery you are obliged to go through; and I have seen enough of it. You go to a dinner; it is a delegation; and you pay for the dinner, generally. You go to a luncheon; it is a delegation; and the same thing occurs. Then someone out in Vancouver decides that they want you in Vancouver, so you go to Vancouver whether you like it or not and you pay the shot for what it costs you. If you are wanted down in Nova Scotia, you do the same thing whether you like it or not or whether it is important or not. You get the call and you go.

When you get right down to it, on the question "Will you run?" there are members of this cabinet who were drafted since I came into this house. The Prime Minister was drafted. There is not any question about that fact. I was here when he first came into the house and took over the justice portfolio. At that time he made it quite clear that the end of the war was the end of his term, and that he came in for the purpose of making his contribution towards the war. We all know—those who are honest enough to admit it—that he wanted to get out when the war was over but that he was "pressured" into staying by a large number of people in this country.

The Minister of Labour was drafted. He was taken in in the same way. He was given a cabinet post before he came into the house. If members are thinking in terms of the future of this country and not in terms of votes, they will take the view that any reasonable person will take when he considers this fact. Back in 1931 when the indemnity was fixed, you came in here, took a cabinet post and ran the little show that was going on in Canada, with a billion dollars or so of gross national product. It was a relatively simple matter to administer the affairs of Canada at that time. But it is not so simple today, as will be seen when you take a look at the expenditures for veterans, pensions and social security measures you have gone into. Those are perhaps not so hard to handle but when you take a look at the development of T.C.A., you will realize that you must have in the cabinet someone who knows something about Trans-Canada Air Lines. You cannot just pick up somebody off the street and send him in to supervise that vast organization under which comes steamships, Canadian National Railways and Trans-Canada Air Lines. There must be someone in there who knows something about these matters.

Again, consider the development of Polymer Corporation. You have to have someone

in the cabinet who knows something about it. When the present Acting Prime Minister decides to hang up the boxing gloves, I sometimes wonder how long we are going to hold on to some of these crown companies that were developed with a great deal of opposition from the outside, and also from the inside in this chamber. You are going to need someone in there who knows something about that Polymer set-up and the value it will have to Canada in the future. We do not want to find ourselves in our bare feet, for want of rubber, again in the middle of a war —as happened last time—while the synthetic formula that was held in the United States was sent over and given to the Germans when Burma fell and the rest of our rubber resources were folding up. The Acting Prime Minister I think was the prime mover in the development of Polymer. It is a big job to watch that organization and to see that it makes proper progress.

The situation is the same with regard to Canadian Arsenals, the basis of the munitions industry, something that we in this group all fought for. Today it is doing most of the research in developing patents for small arms, munitions, and so forth. You want in the cabinet somebody who is going to be able to make a fair appraisal of that kind of organization.

I do not look upon the amount of money involved today as a salary or as a compensation for the job at all. I think you are recognizing the fact that since the indemnity was set, the commitments that a cabinet minister has to meet have gone up not by 50 per cent but by 500 per cent; and that is not saying anything at all about the work involved. You are now making an attempt to adjust the matter. I want to say this also. If we want to be fair, we will realize that there are not many members in that cabinet who are going to enjoy that income for very long. They are all about in the same position as that in which I am, thinking about hanging up the boxing gloves and playing with their grandchildren.

Mr. Knowles: They may find themselves going on unemployment insurance.

Mr. Gillis: I believe that the cabinet today is doing something that is going to be of benefit to those who may come after us. What did we have to do during the war when we swung over into a planned economy? You did not pick technicians out of the air. Someone had to run the show, and it had to be someone who knew something about it. We had to go to industry all across this country. When the government went into a partially planned economy, at least to plan the war, they had to go out and take technicians from all over the country, from industry and from commerce, establishing everything that was needed by way of technical services, and they had to pay them. It is not reasonable for us to take the position that, when we take a man like Donald Gordon, say to him, "You run the Canadian National Railways" and pay him $50,000 a year, yet as to the man who supervises the operation, namely the Minister of Transport, $10,000 is good enough for him. Why the difference? Who is working for whom? Who is supposed to be the best qualified person? I think the man who supervises the whole set-up and is responsible to the people of Canada has the greatest responsibility. He has to have a great deal of knowledge.

Then there is the governor of the Bank of Canada, and his assistant. You pay him $30,000 a year. The Minister of Finance is his boss. So the boss works for $10,000 and the man he is bossing is entitled to $30,000. And so it goes right on through your civil service in the top brackets. I think the time is long past when we should have made some kind of adjustment like this. As I said before, the timing is bad. I do not think that bringing in unemployment insurance and all these things is relevant at all. I initiated the debate in this house on unemployment.

Mr. Fulton: You certainly did not.

Mr. Gillis: Oh, I did. The opposition—and I will leave the leader out this time—

Mr. Fulton: We just waited for the appropriate time.

Mr. Gillis: If the Leader of the Opposition had been in the house he would not have taken that short-cut. I would have had the floor, as it was understood I would have had it the day before. I did not bring that matter up—

Mr. Fulton: You tried to get it in at the wrong time, knowing that it was the wrong time.

Mr. Gillis: My immature political friend from Kamloops should not have raised it. It merely gave me a chance to put on the record the fact that I think the opposition played a very discourteous trick that day in exercising their prerogative of getting up first because they are closer to the Speaker. However, that debate is continuing, and I have not changed my opinion so far as the unemployed are concerned. I shall fight as hard as anyone in this house for them. I always have. The same facts apply not only to the unemployed but to all these social security

measures, because that is something I have been doing all my life. I do not intend to change that.

However, I also have this complex. I have had to go before a good many employers over the years and negotiate wages with them. This time the position is reversed. The cabinet are negotiating wages with us. We happen to be in the position of the employer. We can say we will grant it or we will not grant it. I have thought a lot about this, and I have read a lot about it. I made the statement at the resolution stage that a proportionate adjustment was being made for the members of parliament and the cabinet to enable them to meet commitments that the general public had fixed for them. I think they are fair, just and reasonable. It is a measure that is long overdue.

I do not think the dragging in of extraneous matters, these other little things, has any relevancy to the subject at all. Either the ministers are entitled to it or they are not. So far as I am concerned they are entitled to it.

I said when the resolution was before us that I intended to follow the measure all the way through, and I still intend to do so. I just wanted to take a few minutes to put my opinion concerning this matter on the record, as I had not done so before, and because of some statements I have heard this afternoon.

Mr. Drew: I rise particularly, Mr. Chairman, to deal with a remark made by the hon. member for Cape Breton South concerning a motion that is before the house in regard to another subject matter. He stated that if I had been here the motion would not have been introduced, referring to the question of unemployment. Might I assure the hon. member that if I had been here I would have introduced the motion myself. There was no agreement, there was no understanding, and it would have been entirely inconsistent with what has taken place in this house if the opposition, which has been constantly demanding action to create employment, had not been the party to raise the motion that was raised. I most certainly would have presented it myself had I been here.

May I say to the bubbling Secretary of State, who finds this so amusing, that he may well recall some of the statements already on the record concerning what the predecessor of the present Prime Minister had to say about this same problem on an earlier occasion. He might bear in mind his close association with those facts, perhaps even some of the words, when he deals with the subject so lightly on this occasion.

I want to refer briefly to the point that has been made. I must say that what has been said by the hon. member who just sat down must be music to the ears of the Acting Prime Minister, and it certainly was obviously music to the ears of hon. members opposite. It is indeed special pleading of a very interesting kind in support of the measure that is now before us. In so far as this party is concerned, the arguments that have been presented have not been inconsistent with anything that may be said about the dignity of the office of prime minister or any member of the government.

We have made it quite clear that we recognize the need for the service in government of men of the highest ability. The position we have taken is that this is something that calls for examination and inquiry as to the best way in which it should be done. We are not bound by the precedents of Westminster by any manner of means. Nevertheless, we have borrowed our whole parliamentary system from Westminster, and have not hesitated to admit that fact. On many occasions the present Prime Minister has made it clear that he recognizes our debt to Westminster in that respect.

It may be notable that only within the last few days a select committee appointed by that house has been dealing with the very problem we have been discussing here. This committee has made recommendations, and those recommendations have already raised a storm in Britain, not merely because the amounts are to be increased but because of the belief that it is inappropriate to deal with the subject in this way without due regard to the wider factors that are before them.

There are alternative methods of recognizing executive ability. I have no doubt that the hon. member who just sat down would be the last to suggest that every union organizer in this country receives the same remuneration. Experience and responsibility do count, and the very nature of the office has some bearing on the amount that will be received. I believe we are in agreement on the basic considerations. Having accepted that proposition, and taking the argument of the Prime Minister that we should examine this from the point of view of recognizing executive ability, then I can only go one step farther and say that executive ability is not recognized by the same flat salary. It is recognized by seeking to make the salary an amount that will be in keeping with the responsibilities.

Mr. Abbott: Will the hon. member allow a question?

Mr. Drew: Yes.

Mr. Abbott: What policy did he follow when he was premier of Ontario with respect to the members of his cabinet? Did he recommend a difference in salaries between them?

Mr. Drew: Salaries were not differentiated there, Mr. Chairman, nor were the salaries anything comparable with what is mentioned here. The salaries were so small that it would have been impossible to have a differentiation between them. Of course I remember that when those salaries were paid at the time I was there, the recipients had not the heavy load of taxes that has come about because of the waste and extravagance of this government.

Some hon. Members: Oh, oh.

Mr. Drew: Actually we had not yet reached that level of taxation that has been imposed upon the people during the past few years. In reply to the statement made by the Minister of Finance may I say that I put forward precisely the same view in Ontario that I am putting forward now. This subject was dealt with by a committee of the legislature.

Mr. Abbott: I am sure the hon. member would not want to be inaccurate. When he was premier of Ontario income taxes were very much higher than they are today.

Mr. Drew: A casual interjection of that kind does not get away from the fact that this year the people of Canada are going to pay more in taxes than they have ever paid before in peace or war. In spite of the interjection by the Minister of Finance, I am going to come back to the matter that is before us.

An hon. Member: Yes; that is wiser.

Mr. Drew: Yes, as the Minister of Finance has said, wisely.

Mr. Abbott: I did not say that at all.

Mr. Drew: I was going to compliment him upon the wisdom of that remark. I withdraw it, if he did not make it, because I was going to say it would be wise if we were to carry forward the discussion, after the remark he made which carried us away from it.

I would simply point out that what we have sought to do is make it clear to the house that when hon. members are telling other people, who are dependent upon decisions of parliament, that we must be fully informed in regard to all the facts before we act in any of those matters, that is the very time we ourselves should be fully informed in regard to any possible alternative, or as to the right figures that should be dealt with.

We have suggested one way in which this can be done. We have made it clear that we will support the idea of either a royal commission or a select committee of the house. Either method would be following the same procedure which has been so satisfactory in relation to other proceedings in this house and in relation to proceedings of this very kind at Westminster, from which we have borrowed so many of our practices.

I can only repeat what I have said before, that if we followed this course we would in no way be shelving responsibility. No royal commission or select committee can make any legislative decisions. These are proper and sensible devices by which a whole situation can be examined independently and without pressure. These are methods by which alternative proposals can be considered, and appropriate action decided in each case.

I did not say I was convinced that we must of necessity have a sliding scale, or that we must have different levels. I pointed out that in other jurisdictions there are different levels of ministerial salaries. I pointed out the fact that, for instance, in Great Britain a prime minister receives a salary not only while he is prime minister but for the rest of his life, if he accepts it. Other jurisdictions have dealt with the matter in other ways.

I have simply proposed in relation to this measure, and in relation to another measure with which we dealt on an earlier occasion, that we should, when this whole matter is under review, follow the wise and sensible course of examining the possibility of arriving at figures by some consideration of what the real factors actually are. Then in reaching this decision we would be able to say that we followed the same tests in reaching conclusions as we apply over and over again when other people depending upon the decisions of parliament ask us for consideration.

Mr. MacInnis: Mr. Chairman, I thought I had said all I intended to say on this subject the other day; and it is with a great deal of reluctance that I take up the time of the committee now. I think we should be fair enough with each other, when we take sides on any issue, not to consider that we are just little white saints and that those who take the opposite view are doing it from dirty political motives.

I mentioned the other day that I like the members of the cabinet very much. Nothing would please me better than to please them: but even to please them I am not going to tell them that I think they are supermen, because I do not believe they are. I believe

they are just ordinary run of the mill individuals. Take any of the members back here in this corner, and put them in those cabinet positions, with the civil service staff and the deputy ministers available, and they would give just as good an account of themselves as the present ministers.

I have seen cabinet ministers come and go. I could go through the whole lot of them and ask them—and also ask my hon. friend from Cape Breton South—what qualifications they had for those positions when they were promoted to them.

Mr. Rowe: What have some of them got now?

Mr. MacInnis: Quite true; but that is not in issue in this instance.

Mr. Abbott: It certainly is not.

Mr. MacInnis: That is not in issue here. I am not opposing these salaries—an increase of $9,000 in cabinet ministers' salaries—just because I do not think cabinet ministers are worth it.

Mr. Harris: For the record, $5,000.

Mr. MacInnis: You already have $4,000 of an increase in the indemnity as a member of parliament. Now there is a $5,000 increase as a cabinet minister, and that comes to $9,000 no matter how you look at it. No matter how you look at it, when this bill goes through each cabinet minister will be getting $9,000 more than he was getting before.

Mr. Harris: $5,000.

Mr. MacInnis: The minister will be getting $9,000 more than he was getting before; and he will pay income tax on $9,000 more than he was paying on before. It has been said that things are particularly hard for the cabinet ministers now, so much harder than they were in the thirties. I would say that this is a picnic compared with the problems facing the cabinet ministers in the thirties. I was here; I know what it was like throughout the country. Why, during the last 15 years the country has been going on its own momentum; you could not keep it back if you tried.

Mr. Howe (Port Arthur): If it goes well, it is going well of its own momentum; if it goes badly, then it is the government's fault.

Mr. Rowe: You used to say that.

Mr. MacInnis: I think the Acting Prime Minister will agree that I have not criticized him very much during the years he has been here.

Mr. Howe (Port Arthur): I agree.

Mr. MacInnis: And I am not criticizing him today. In fact I have often felt I was not a very good member of the opposition because I could see so much justification for what was being done that I could not conscientiously criticize. But when things are done as they are now I have no hesitation whatsoever in criticizing.

Just let me state one point here. It may not be particularly germane to the bill, but the fact is that up to now not much of what has been said has been germane. What is the record of this government? One of the last acts of the Conservative regime, when it went out of office in 1935, was to put an Unemployment Insurance Act on the statute books of Canada. The Liberal party of that day opposed the passage of that act because they said it was ultra vires of the dominion government. When the Liberals came into office they referred it to the courts, and that is how it was found to be.

But did the Liberal government bring in an unemployment insurance act in 1937? No. Did they bring in an unemployment insurance act in 1938? No. Did they bring in an unemployment insurance act in 1939? No. Did they seek an amendment to the constitution in order to bring one in? No. But they sought an amendment in 1940, and later introduced an unemployment insurance bill. When it was introduced it was not as a social security measure; it came in as an anti-inflationary measure.

And so here is the government's record in regard to unemployment and conditions in the country from 1935 to 1940. They could not put unemployment insurance into effect until recruiting for the armed services and war industries had taken sufficient workers off the unemployment rolls. There you have the picture.

Mr. Pickersgill: I know the hon. member wants to be fair. Mr. Mackenzie King addressed a letter to the premiers of all the provinces on the 5th day of November, 1937, I think it was, seeking provincial acquiescence in a constitutional amendment to make unemployment insurance possible, and three of the provinces would not accede to it; otherwise we would have had it at that time.

Mr. MacInnis: Did all the provinces agree in 1940?

The Deputy Chairman: Both the hon. gentlemen who have just spoken are out of order, for which I take the blame. Not only is the subject which is now being discussed not by any stretch of the imagination under clause 1 of this bill, but it is also out of order in that the hon. members are anticipating a

discussion which is the next order of business of this house. Therefore I would hope that we could get back to the Salaries Act.

Mr. MacInnis: I agree with you, Mr. Chairman. I am out of order; and the speakers who preceded me were out of order. The main point I want to make is that when we are debating these matters we should take it for granted that one is motivated by good intentions. If anybody feels that his conscience pricks him, and because of that he must justify himself, that is all right; he must salve his conscience in some way, but I am not in that position.

One thing I do know is the feeling of the people of the country. I know the feeling of the people in my own constituency, and I know that the feeling of the people in Vancouver is no different from that of the people in Halifax, in Toronto or anywhere else. Seventy-five per cent of them are in opposition to these increases which we are putting into effect. Surely what we are doing here is relevant to unemployment, to old age pensions and to other things. If I were sent here at all I was sent for the one purpose of raising the standard of living of those whose standard of living is low. I was not sent here—and I am not going to stay here under false pretences by giving the impression that I was—to raise our own indemnities and the salaries of the cabinet ministers. I have nothing to gain from opposing these increases. Nothing has been offered to me and I would not accept it anyway. Therefore I have not that to worry about.

Mr. Abbott: I had not really intended to say anything in this debate, because among other things it is always a little more difficult to talk about matters that concern yourself. I am sorry the discussion has taken just the turn it has. Hypocrisy is not a human quality that I particularly admire, and I try not to practise it myself. Therefore let me say without hesitation that so far as I am concerned I feel that I have been underpaid ever since I have been here.

I readily concede that a man in public life should not be able to command as high a financial return as he might if he stayed outside. I think if we had to rely on the services of men who would only come to parliament or serve in the government if they could get a financial return as high as they could get outside, we would be deprived of the service in public life of some people that we ought to have. I readily concede that to those of us who are in public life there are great compensations other than the financial returns that we get. There is the satisfaction of public service performed and then to put it on the lower ground, the contacts that we make, the speeches that we deliver here in the House of Commons and the hands that we shake around the country. All that, I know, gives a great personal satisfaction to some of us. It keeps us in the public eye and we probably like that, some perhaps more than others.

But, as the Acting Prime Minister said, all of us, or most of us at any rate, have responsibilities to some people other than ourselves. I think some of those people do not derive the personal satisfactions out of public life that those of us who are in the forefront of it get, and I personally feel that there should not be too great a difference between what a man can command in the public service and what he can get outside.

That is important in order that we should be able to attract men to public life at a reasonably early age. They should not have to wait until they have made the future of their families and dependents secure before they enter public life. And even more important, they should not have to be dependent upon assistance from those who are outside parliament. I can only speak from personal experience, and I always hesitate to do this, but I live fairly modestly, as those of you who know me are aware. I have gone behind just a little bit every year since I have been here, and I have had to use such other modest resources as I might have. I do not think that is a good thing for public life, and I for one will never use the argument that because a man who is in a particular occupation averages only $3,000 or $4,000 a year a cabinet minister should not get more.

We all know that there are inequalities in life. Perhaps it is unfair that there should be, but we all know that even the leaders of great labour unions make a great deal more than cabinet ministers, and I daresay earn it. We all know, as the Acting Prime Minister has said, that men in relatively junior positions in industry, in commerce, make more than cabinet ministers will make even after the proposed increase. Therefore I make no point about that, Mr. Chairman. I say quite frankly that I think the proposed increase is fully justified.

I can understand the position taken by people who say that the increase is too much, and I am not questioning their bona fides in saying that. I find a little more difficulty in understanding the position taken by the official opposition. Most of the members of the official opposition—perhaps not all—are sufficiently experienced in public life, in business or in the professions to know first what responsibilities are incurred by a man in public life; and second, what the remuneration is for men of comparable ability in

the outside professions or occupations. Therefore I fail to see how anyone as experienced as my hon. friend the Leader of the Opposition, my friends the hon. member for Greenwood, the hon. member for Vancouver-Quadra, the hon. member for Dufferin-Simcoe, to mention only a few that I see sitting in front of me, could get any information from a royal commission as to what the appropriate salary should be for a man carrying on the executive responsibilities of a member of the government.

I also cannot agree with the Leader of the Opposition that there should be a difference in salaries between ministers. It may be true, and no doubt is true, that certain departments carry heavier administrative responsibilities than others, but every member of the government has to share in the collective responsibility for government policy, and so far as I know there has never been in Canada in any of the provincial governments, and certainly not in the federal government, any difference between the salaries of various members of the privy council.

Mr. Hansell: I do not rise to make a speech, but when the bill was being discussed on second reading I asked the minister a question. He did not answer it when he replied, and I shall ask the question now because it should be on the record. How many people in the government service or in any crown corporations receive salaries of $10,000 or more?

Mr. Abbott: I have not those figures readily available, but of course in a good many of the crown corporations there are salaries substantially in excess of $10,000. Those salaries are related to the comparable salaries paid in industrial enterprises which have to draw their personnel from the same class of executive. Certainly in a great many crown corporations the salaries paid are substantially higher.

I think I should indicate that there is perhaps some relevance between salaries paid to cabinet ministers and those paid to a number of top-level civil servants, and it tends to establish a ceiling which may not be desirable. We have found great difficulty in holding some of our senior civil servants who have been receiving offers from outside the government service of much higher scales of salary. I am talking of those in the higher ranks of the civil service. So I think it is fair to say that the salaries paid to ministers has some relevance at any rate to those paid to the permanent heads of departments.

Mr. Hansell: I do not think the Minister of Finance was in the house when I spoke on this measure, but the Acting Prime Minister—

Mr. Abbott: I was for part of the time, but I had to leave.

Mr. Hansell: The reason I want the information is that I think the people of Canada should know the relevancy between the salaries of the cabinet and of other civil servants or executives in crown corporations. As I said before, if there is any failure within the civil service in any department of government or in a crown corporation, those men can resign and get out and the government will have to take the punishment. In the final analysis, the responsibility for success or failure in connection with all these things is upon the government and the responsible ministers.

I did not ask the question merely because I wanted that information only; and I am in full agreement with what the minister has said, but some of the average Joes in the country have said that it looks as though this is quite a jump the cabinet are making in their salaries. If those salaries can be compared with other salaries within their range or higher, then the people should know. I should like it to be on the record so the people of Canada may know. Perhaps I could put a question on the order paper, although it might not meet with the approval of the government to answer. Perhaps I shall put it on anyway and see what happens. Could the minister tell us how these salaries compare with the salaries of deputy ministers? Is the salary of any deputy minister higher than the salary of his minister?

Mr. Abbott: Yes. The salaries of deputy ministers are public knowledge. Of course the salaries of officers of crown corporations are not public knowledge. I was going to wait until my hon. friend was finished, but if he will allow me perhaps I could give the reason they are not published.

Certain salaries, such as those of the deputy governor and the governor of the Bank of Canada have been made available, and that of the chairman of the Canadian National Railways; but the salaries of ordinary executive officers in crown corporations like Polymer, Canadian National Railways and so on are not made public. The reason is that the salaries of similar officers or executives, say in the Canadian Pacific Railway Company or one of the chartered banks or any commercial company, are not made public. These men say, "Well, if I work for the one company the salary I am

paid is my own business, but if I work for this company it is to be made public". There is a certain amount of natural human reluctance to having salaries made public.

I am not arguing the point now, but it does affect the ability of the government to get good executives if they are not required to subject themselves to the rule in the public service that salaries be made public. In other words, we are competing with private industry for executives of this type.

Mr. Green: What does the highest paid deputy minister get?

Mr. Abbott: At the present time it is $17,500.

Mr. Knowles: But that has to be compared with $27,000 for a minister.

Mr. McCullough (Moose Mountain): Mr. Chairman, I shall be very brief but nonetheless very emphatic in stating my opposition to this bill. I do not want to be over-harsh in my statements, but I think it must be generally agreed throughout the country that this matter has met with tremendous disfavour on the part of the people. What I have to say is in no way a reflection on the cabinet ministers now sitting on the other side of the house. As far as I am personally concerned I believe that they are responsible members, that they are competent, that they carry out their work to the best of their abilities, with a tremendous fidelity to their duty.

However, when I consider this matter I can only come to the conclusion that it is most inopportune at this time. I am quite certain that had the people of this country known prior to August 10 that the government contemplated any such move there would be many members in this house who are not present here today.

The hon. member for Macleod has endeavoured to find out what income is received by certain other people in order to arrive at a decision. I have here a table of incomes received by the Canadian people according to the income tax returns for 1951. A salary of $25,000 would be comparable with those provided under this bill, and according to this table only 8,260 people in Canada received an income of over $25,000 in 1951. In other words, only two-tenths of one per cent of the people of Canada in 1951 had incomes which were comparable to those provided for in the schedule to this bill.

When one considers the former measure which was passed he must realize that a cabinet minister is receiving a considerable amount of additional income which by fair deduction should constitute a fair return. The salary of a cabinet minister has been increased to $12,000 by an additional $4,000 as a member of parliament. Under the new schedule a cabinet minister will have a salary of $15,000, a total indemnity of $8,000, a motorcar allowance of $2,000 and $2,000 tax-free expenses, or a total of $27,000. In my opinion that is fantastic when we consider the incomes reported by people throughout the country.

I do not agree with the hon. member for Cape Breton South, who has come to his own conclusion based on his own calculations. I think that as far as parliament is concerned, when we hope that democracy will be accepted as the finest form of government it will be detrimental if we as parliamentarians agree to an increase of this kind in the salaries of cabinet ministers.

When we come asking for increases in old age pensions, veterans allowances, mothers' allowances and so forth, the question is always asked in the house, "What about the cost of living?". We even had increases in civil servants salaries to keep pace with the increase in the cost of living. But in this bill the government comes to this house and asks for an increase not on the basis of any cost of living, but of a straight $9,000 for cabinet ministers.

I believe it is fantastic, Mr. Chairman, that we should be asked to support a measure of this kind. I do not believe it is in the interests of the government or in the interests of our people. I had a letter today informing me that 500 people have been thrown out of work at the Kitimat project. When it is recognized that there are over 500,000 unemployed in this country I say this is a most inopportune moment to introduce a bill of this nature, and I intend to vote against it.

Mr. Fulton: Mr. Chairman, I am quite sure everyone appreciates the Minister of Finance's approach to this problem and the straightforward and frank way in which he has dealt with it. I will not say that we all agree with him, but I am quite sure we do appreciate the basis on which he has considered it.

There was one thing he said however, which I think deserves some reply. He stated, for instance, that no one here would suggest that the salaries of cabinet ministers might be investigated by a royal commission or even a select committee of this house. Let me give the minister an example based on the proposed new clause 5 which is part of the bill we are now considering. That clause if carried will provide a salary of $15,000 per annum for the Solicitor General of Canada.

It may be, and I would ask the Minister of Finance if he does not think there is some merit in this suggestion, that there are members who would take particular exception to that provision. I believe there is some merit in examining this question, and I will advance the reasons why I think that provision should be brought into question.

What will happen in this case is that we will be battling out this question on the floor of the house. I have chosen this particular example to some extent deliberately, because the person holding that office is not in this house at all. Hon. members will have to battle across the floor of the house on the question of what should be the salary of a particular individual who is not in the house. I do not care on how high a plane you try to put it because it comes down to this, that if any one of us here were to say that this ex-cabinet minister or simply "X" should not have $15,000 a year but only $12,500, then you might talk until you are blue in the face without resolving the matter.

Of course I have nothing personal against the hon. gentleman who holds that position, but I am thinking of the position of a man who is not in the House of Commons and how extremely difficult it is to deal with the matter fairly, just as it is extremely difficult to be impartial about the matter of our own indemnities when it has to be battled out across the floor of the house.

Surely there could be no clearer reason why this matter should be considered by some such body as a royal commission or a parliamentary committee. I understand that in the United Kingdom they had before a committee, on a sort of off the record basis, as it were, a number of individual members and ministers who gave them the facts concerning their own cases, so that the committee accumulated, based on their approach to the problem, the actual facts drawn from the personal experience of the ministers or members.

The Minister of Finance has himself told us how much he dislikes speaking of his personal experience in a matter of this kind. Of course he does, and I do not blame him. It must be most distasteful; yet he had to do it in order to justify the increase. I cannot think of a clearer reason than that advanced by the Minister of Finance himself as to why this question should be tackled, initially at any rate, upon the basis we have suggested. It is not on the basis that we might relieve ourselves of something that must become distasteful that we make this suggestion, but in order to arrive at a sounder basis for a decision.

Reverting now to the question of the salary of the Solicitor General, I believe there might well be reasons why this office should not receive the salary which is now to be attached to it. The Solicitor General is not even a member of the cabinet. He is not a cabinet minister.

Mr. Howe (Port Arthur): You are quite mistaken. I assure you that he is.

Mr. Fulton: I do not believe there has been any amendment to the act so far. The Solicitor General's Act states:

> The governor in council may appoint an officer who shall be called the Solicitor General of Canada and who shall assist the Minister of Justice in the counsel work of the Department of Justice, and shall be charged with such other duties as are at any time assigned to him by the governor in council.

Now, it may be true that the person who holds the post of Solicitor General is, in another capacity, a privy councillor or a member of the cabinet. I am not denying that; but the post of Solicitor General is not a cabinet post.

Mr. Howe (Port Arthur): Perhaps my hon. friend will allow me to correct him. A member of the cabinet is appointed by the Governor General and takes the oath as a cabinet minister. The Solicitor General has been so called by His Excellency the Governor General, and he is just as much a member of the cabinet as I am.

Mr. Fulton: That is the point I am trying to make. The person who has the post may be a member of the cabinet, but the post of Solicitor General is not one which by any stretch of the imagination could be said to be within the definition of a cabinet post.

Mr. Howe (Port Arthur): The post of Minister of Defence Production is a cabinet post but—

Mr. Fulton: The Minister of Defence Production is the head of a department and of course he is a cabinet minister.

Mr. Howe (Port Arthur): My hon. friend can put his own definition on who is a cabinet minister.

Mr. Fulton: I believe the courts would take judicial notice of what is a cabinet minister, and the head of a department in ordinary parlance, in my understanding, is understood to be a cabinet minister. Despite the different view expressed by the Acting Prime Minister I suggest that in ordinary parlance the post of Solicitor General is not what would commonly be called a cabinet post. Certainly the duties of the Solicitor General as defined here raise some question, I believe, as to whether that post alone should carry

with it the same salary as that which is attached to other cabinet posts, such as the Minister of Trade and Commerce and the Minister of National Defence.

It may well be that the time has arrived in the expansion and growth of Canada, and considering the role we have now assumed in international affairs, coupled with the new problems which are arising, when the number comprising the government should be increased, and that they should not all necessarily be of a cabinet rank carrying the same salary as senior ministers. It may be there should be some measure of reorganization along these lines. It certainly cannot be denied that at the present time some departments carry responsibilities in the national picture which make them more important than others.

These things, and the salaries to be attached to such posts as may be designated or recommended, are it seems to me subjects for inquiry by a royal commission or a select committee of this house. We might then determine whether a position involving a lesser degree of responsibility should carry the same salary, simply because at the present time it happens to carry with it a cabinet position, as that accorded to a ministerial post with a great deal heavier responsibility.

The Chairman: Shall the clause carry?

Mr. Knowles: I am asking for information, Mr. Chairman. I recognize that although in some instances it might be possible for the same person to obtain two salaries, there are special provisions to make sure that this does not happen. For example, in the case of the Minister of Trade and Commerce and Minister of Defence Production there is a special clause in the Defence Production Act to make sure that two ministerial salaries are not paid to one person. Similarly, the leader of the government in the Senate cannot draw that salary and a salary under the Salaries Act at the same time.

However, I should be glad if someone on the government benches would indicate to me where there is a provision to ensure that the $25,000 for the member of the Queen's privy council holding the recognized position of first minister and the $15,000 for the president of the Queen's privy council for Canada are not paid to one and the same person. My understanding is that at the moment the Prime Minister holds both those positions. I know that he gets only the one salary, but where is the legislative protection on that point?

Mr. Abbott: I would have to refresh my memory on that point, Mr. Chairman. I am certain there is somewhere a provision in the law which provides that a man shall not draw two salaries as a member of the government, although he may be carrying on the duties of two portfolios. I could get that information for my hon. friend very quickly. I shall send out for it.

Mr. Knowles: I shall be glad if the minister will do that.

Clause agreed to.

On clause 2—*Repeal.*

Mr. Knowles: Mr. Chairman, I rise to support clause 2.

Mr. McCann: That is enough.

Mr. Knowles: I was opposed to clause 1, as hon. members know, but I support clause 2 because it is an instance where an untidy way of dealing with a matter has been cleared up. For many years the Salaries Act has said that the secretary of the governor general was to be paid $2,400 a year. Apparently it was thought that was not enough and provision has been made for him to receive a salary of $10,000 a year. But instead of changing the statute it was done by putting an amount of $7,600 in the estimates each year. In other words, this person received two salaries, despite what the Minister of Finance said a moment ago.

I think it should be kept clear that there is no general rule that says people cannot receive two government salaries or two government cheques. There has to be a special rule in every case. Without commenting on the amount of this salary, I am glad that this matter has been tidied up and that from here on the salary of the secretary to the Governor General will be provided in one place. I may say, however, that I am disappointed that that same tidying up process was not carried through with reference to the question of motorcar allowances.

I have one other question with respect to this item. Perhaps I might address it to the Minister of Finance. We have had before us, a few days ago and today, two bills, namely Bills Nos. 171 and 172, that make certain changes in the indemnities of members and senators, in the salaries of ministers and so on. In connection with this question of the salary of the secretary to the Governor General, I notice that the estimates for 1954-55 anticipate the passing of Bill No. 172. Personally I think that procedure is inappropriate. I do not believe the people who drew up the book of estimates should have taken it for granted that any bill brought in by the government would go through. In practice I suppose that does happen, but how does it come about that in one instance it was anticipated that the bill would go through, but not in the other instances?

Mr. Abbott: I think it must just have been an oversight. My hon. friend is quite right. In preparing the estimates the usual rule followed is that we do not include items which have to be approved or authorized—if by parliament, by parliament; or if by some other procedure, by executive action—until they have been approved. I think this must have been an oversight.

Mr. Knowles: Don't let it happen again.

Mr. Abbott: That is the only explanation I can give.

Clause agreed to.

On clause 3—*1952-53, c. 6, s. 2.*

Mr. Knowles: With respect to clause 3 there is a question I should like to ask, and it can be directed either to the Minister of Finance or to the Acting Prime Minister. I think I have made my position against this bill, with its increases, sufficiently clear that I will not be misunderstood if I draw attention to the fact that there seems to be one place where the increase has been overlooked. As the members of the government will notice, the bill now before us—I refer to the bill to amend the Salaries Act—makes no reference to the Minister of Defence Production. There is a reference to the Minister of Trade and Commerce, and of course that is the item under which the minister in question draws his salary. As for the Minister of Defence Production, that salary is set out in the Defence Production Act. I think I should read the appropriate lines—they are very brief—of section 3 of the Defence Production Act. There is the usual wording "There shall be a department" and then subsection 2 of section 3 says this:

> The salary of the minister, unless he is in receipt of a salary as the minister of another department of the government of Canada, shall be $10,000 per annum.

For all practical purposes, at least so far as the present situation is concerned, there is no need to amend subsection 2 of section 3 of the Defence Production Act because the Minister of Defence Production is not drawing that salary. He is drawing his salary as Minister of Trade and Commerce. But just suppose that the Minister of Trade and Commerce and the Minister of Defence Production divided himself in two or suppose that the portfolios were divided, and that one portfolio were given to someone else. Unless the law were changed we would find that the Minister of Defence Production would be paid only $10,000 as opposed to $15,000 for the other ministers.

The answer to this anomaly may be that it is the intention to wind up the Department of Defence Production, or maybe it is another of those oversights. I am not arguing that this amount should be increased. I think the others should have been kept down to the $10,000 figure. However, I should be interested in an explanation of this point.

Mr. Howe (Port Arthur): The Defence Production Act is a temporary act with an expiry date. If I am not mistaken it expires in 1956. It may be renewed. As my hon. friend says, the salary of the minister is fixed in the act. However, if the salary were to be increased the act would have to be amended, or an item would have to be put in the estimates for that purpose. Frankly I think it is just an oversight. I think the salary in question might just as well have been listed here, but it is not listed and I am not going to ask for an amendment. Somehow or other I hope to get my salary.

Mr. Knowles: I take it, Mr. Chairman,—just to keep the technical position clear, that since no change is to be made in this respect—and I am now addressing myself to the Minister of Finance—when the blue book of estimates comes out next year the salary listed for the Minister of Defence Production will have to remain at $10,000.

Mr. Abbott: My hon. friend will appreciate the fact that the salaries are statutory. It would either have to be $10,000 or an item would have to be put in the estimates for an extra $5,000 and be voted. That could be done. It would be perfectly legal to do that. If there were another minister next year, one of two courses could be followed. Either the Defence Production Act could be amended or an item could be put in the estimates to provide that the salary would be $15,000.

Clause agreed to.

On clause 4—*Coming into force.*

Mr. Fulton: Mr. Chairman, may I make a very small plea in a very quiet way and suggest that we might save four words here and be tidier and better draftsmen if we said "This act shall come into force on the 1st day of April, 1954". At present the clause reads:

> This act shall be deemed to have come into force on the first day of April, 1954.

We have not yet reached the 1st of April. Even if it does not come into effect until after the 1st of April, if the statute does say "shall come into force on the first day of April" it would have the same effect. I have looked up one or two other acts and it seems to me that is the usual way to do it. I am suggesting a saving of words so I will not say any more words, but will merely suggest that it would be better to do it in that way.

Proposed Committee on Unemployment

Mr. Abbott: This clause was drafted by one of the most competent draftsmen in the public service. I shall not mention his name, but he is one of the assistant deputy ministers of justice. I feel sure he gave that point consideration. As a lawyer, I think he may have anticipated that this bill would not be reached in the course of public business until after the commencement of the next fiscal year. I would really hesitate to amend a measure which had been so carefully considered.

Clause agreed to.

The Deputy Chairman: Shall the title carry?

Mr. Knowles: No.

Title agreed to.

The Deputy Chairman: Shall the bill carry?

Mr. Knowles: No.

The Deputy Chairman: On division?

Mr. Knowles: On division.

Bill reported.

Mr. Speaker: When shall this bill be read a third time?

Some hon. Members: Now.

Mr. Knowles: No.

Mr. Speaker: Next sitting of the house.

SUPPLY

UNEMPLOYMENT—MOTION FOR EXAMINATION BY COMMITTEE ON INDUSTRIAL RELATIONS

The house resumed, from Wednesday, February 17, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Green, and the amendment to the amendment of Mr. Gillis.

Mr. Erhart Regier (Burnaby-Coquitlam): Before the adjournment of this debate on Wednesday of last week, I expressed my pleasure that at long last the members of the cabinet had agreed that in Canada we had over half a million unemployed. I find that admission on page 2085 of *Hansard* for February 15, 1954, when the Minister of Labour (Mr. Gregg) said that the number of applications for jobs listed with the national employment services offices across Canada was 524,000 on January 21, 1954. However, I regret that following that statement, as recorded on page 2088 of *Hansard* he said he did not believe there were that many unemployed in Canada. He said he felt our national unemployment estimate for this year was greater than those who were actually out of work.

[Mr. Fulton.]

I regret that very much, because for a number of weeks now the leaders of labour unions in the dominion had been saying that Canada had over half a million unemployed. We were informed for some time in this house that those union leaders did not know what they were talking about; that they were exaggerating the situation, and that unemployment had not nearly reached that stage. I notice that it is agreed by most responsible people in Canada that the union leaders were quite accurate in the statements they made.

I think the qualification the Minister of Labour made ignores a number of other factors. I know quite well that not everyone applying for a job would be in a position to accept it if he were offered a job a few days later. However, there are also thousands of people in Canada who do not register for employment with the unemployment insurance commission, yet they are looking for work. Think of all the people who have reached 35 or 40; we know that thousands of them have long since given up any hope of finding help at the offices of the local unemployment commission. They are not on record. What about those people whose unemployment insurance benefits have expired? Some of them have long since been taken off the record.

I believe a good idea of the extent of unemployment in Canada can be gained when we look at the census report for 1951. We find the labour force listed at just slightly over 4 million. Of those 4 million people, half a million in the course of that year earned less than $500. Another half million people earned between $500 and $1,000. In other words, almost 1 million people out of the 4 million total working force in that year earned less than $1,000. I believe that indicates there must have been a great deal more unemployment in 1951 than any of the statistics we had revealed. We can take the taxation statistics and see that in the taxation year 1951 about 42·8 per cent of the people of Canada earned less than $2,000 per year. When the average wage earner earns less than $2,000 per year, and when we know the average weekly wage in industry, it indicates that the average wage earner has been unemployed for almost half of that year.

I said that I was happy that at last the integrity of our labour leaders in Canada had been established. I prefer to accept the statement of our democratically elected labour leaders in Canada to the statements we sometimes hear from other would-be responsible people. For example, I cannot agree at all with the statements made by one spokesman

of the Liberal party who occupies a seat right next to that of a cabinet minister. On page 2132 of *Hansard* for February 16, 1954, he made an attack on the labour unions in this country. I have noticed that three Liberal spokesmen have followed the hon. member, and not one has denied that this hon. member spoke on behalf of the Liberal party. In referring to the labour leaders this hon. member said that they blamed everybody for their own mistakes.

In this section of the house we are not particularly blaming anyone for the incidence of unemployment. In this unplanned economy of ours, unemployment is inevitable. That has always been our contention and will continue to be our contention.

Now, over the past week end I have had a number of experiences—

Mr. Dickey: On a point of order, Mr. Speaker, the hon. member has just referred to the statements of another hon. member in this house, but he has identified him in what I think is a rather roundabout way. I would, on a point of order, request the hon. member to do that member the courtesy of identifying him by naming his constituency in the usual way.

Mr. Regier: I shall be very pleased to do so. I regret the omission. The speaker to whom I referred as having made certain remarks at page 2132 of *Hansard* was the hon. member for Temiscouata (Mr. Pouliot).

Mr. Pouliot: If the hon. member will permit me, may I say that I speak on my own behalf, and engage no one else by saying what I have to say.

Mr. Regier: I am very pleased that the interjection will show up on *Hansard,* because I think it would be tragic if the people of Canada were to have the feeling, after having just elected this government, that the government had let them down in such a severe manner.

Mr. Pouliot: If the hon. member will permit me, I just want to say once again that I am not against labour, but I have the right to criticize the leaders.

Mr. Regier: Upon returning from a week end in Toronto I found a telegram on my desk which had something to do with the unemployment situation. Just a few moments ago I indicated how the statements of our responsible labour leaders had been vindicated by statistics. Turning to the statement of the Minister of Trade and Commerce (Mr. Howe) as recorded at page 2197 of *Hansard* of February 18, 1954, I find he said:

> While the port of Vancouver has been working to full capacity . . .

This telegram relates to that statement and the unemployment situation. It reads:

> Demand immediate reversal of government decision to equalize east-west grain movements. Trade minister Howe misinformed. West coast terminals utilizing only 70 per cent capacity, lack of ships. Loss of trade will result in unemployment. Immediate action imperative.
>
> Grain Workers Union Local 333.

Then, as I indicated, I was away this week end, speaking to the rubber workers in Toronto. They are very worried about the unemployment situation. They see where, right in their own factories, the technological advances of the day are throwing hundreds of them out of work. They indicated to me that their position is very insecure because of collapsing world market conditions, and they fear that any tightening up of the local economy would cause a decline in their local market and aggravate the situation even more.

We do not think we are being unreasonable when we ask this government to make the resources of the unemployment insurance fund available now to ease the situation. After all, by this time the fund has built up to almost a billion dollars. Everyone realizes that in the event of a major catastrophe the fund would disappear; but if there is any way of halting the trend, then the time to use that method is now. We think the workers who own this money have a reasonable request when they ask that the period during which benefits are payable be extended. This is particularly necessary at the present time, when the cost of living is so high.

Much mention has been made of the relationship between unemployment and the high cost of living. There are many who blame high living costs on excessive wage demands. Mr. Speaker, the high cost of living is the result of the deliberate early lifting of price controls. Prices, including wages, began to rise very soon thereafter, and that rise has only recently been halted. We think the high cost of living is due more to an error in judgment on the part of the government's advisers than it is to any rise in wages.

I have noticed also in the debate interjections to the effect that people are unable to find work because of industrial disputes. This business of talking about strikes during this debate is nothing but a red herring. Lost man-hours due to strikes between 1919 and 1953 would not be as great as lost man-hours caused by six months of unemployment.

I agree wholeheartedly with the sound advice given by the hon. member for Cape Breton South (Mr. Gillis) when he emphasized that the government's share in the national economy was a relatively minor one, even though at times the most effective. He pointed out that the government alone was

unable to solve the difficulty, and that it was high time it called in those who are able to wield such an effective influence in the economic life of the country.

I regret that some hon. members representing ridings in which there are large numbers of industrial workers have tried to place the blame for the hungry thirties. I have never been able to blame the Conservative government which was in office between 1930 and 1935 for the conditions of those days. I have often had the feeling that that government did not take the measures necessary to soften the blow; the blow was felt before it took office. If any government can be blamed—and I am not sure that it can, because most governments in the world either could not or would not know what was coming—that blame would belong to the Liberal government which held office until late in 1930.

To say that in this matter of dealing with unemployment the record of the Liberal government has been the finest in the world is to stretch the imagination to the breaking point. When we see what happened in the United States in the hungry thirties; when we see what happened in some countries of the commonwealth, we see numerous cases where government action was able in large measure to soften the blow and make the hardship less severe on the unemployed.

I am not content to wait to get the facts from some government department concerning this situation. The attitude seems to be to wait until some senior civil servant tells us that we are facing a desperate situation. I say that the members in this house are in daily communication with the people in their ridings. We ought to know what the situation is, from one end of Canada to the other. We know it is not a happy situation. I am not prepared to sit down and wait, or to think that perhaps the warmth of springtime will bring comfort to these people, many of whom, particularly those in the category over 40 years of age, have been without work now for a number of years. May I remind the house that even the President of the United States is not prepared to wait until the warm spring sunshine appears. He has indicated that if these danger signs are still in evidence at the end of next month he will take definite action. I wish we could have the same assurance from the benches of this government.

I know it is felt by some government supporters that the new housing legislation will help relieve the unemployment situation. I think it is timely to point out, however, that it is agreed by the suppliers of building materials, as well as the suppliers of mortgage money, that we cannot expect to see as many houses built in 1954 as were built in 1953. It is not that the money is not available in the nation, only that it is going to the wrong places. Money at this time should go into the financing of consumer goods, and the building of homes is one such outlet. Because money can make more money elsewhere it is not going into the financing of consumer goods.

I believe there is still plenty of money. I find in this morning's issue of the *Globe and Mail* an article which reads in part as follows:

> Canadian corporations are paying out a total of $28,917,582 in dividends this month, compared with $28,312,571 a year ago and $27,387,006 in February, 1952.

In other words, money available for reinvestment purposes is still being made, and in greater amounts than ever before. However, the main difficulty is, it is not going into the field of consumer goods. There is a great need for an expansion of housing to relieve unemployment, and for other reasons.

The last issue of the *British Columbian* that I received from New Westminster has a page full of houses of people who are the direct responsibility of the federal government. They are the people who live between the water's edge and the land that is privately owned. I have a lot of that type of land in my riding, and there are hundreds and hundreds of old age pensioners eking out an existence in mere shacks there. Now a British industry is coming along and a causeway is to be built in New Westminster, and many of these old age pensioners are going to be evicted. I would say that the federal government could relieve the unemployment situation by assuring us that they are going to take all these people who are merely existing on federal land in all these municipalities that are on salt water and build decent houses for them.

I should also say, as mentioned, that President Eisenhower is not content to wait until the warm summer sun, and the European nations are not waiting in order to solve their economic difficulties, even if it means doing business with countries behind the iron curtain.

I have often heard it asked, what are your solutions? I think our solutions are well-known, but I should like to remind the government that they have been elected to office and the responsibility for safely guiding the ship of state is theirs and not the opposition's. The responsibility of the opposition is to warn the government, if possible, of the errors that the government may make.

There is a bit of a suspicion in the ranks of labour that to some a certain amount of unemployment may be fine, is looked forward

to, and is even favourably looked upon by those who have to do business with the unions over the bargaining table. I ask this government in all seriousness, is clause 164 of the new Criminal Code the only answer it has to the unemployment situation? It is the section which, if passed, will give the right to arrest all the unemployed of Canada on a vagrancy charge. We ask you in all seriousness to investigate the situation and not to accept the assurance that everything will be all right.

The social needs of the nation are great, and call for an immediate expenditure on public works. We need hospitals; we need highways; we need schools; we need a lot of things. I wonder whether the government, especially the Department of Labour, has considered the possibility of the annual wage. I know there are industries where the annual wage is not practical. However, there are also other industries where the annual wage is a perfectly feasible thing. Where I come from we can build houses the year round, if the building of houses goes forward in an orderly and planned way. I daresay there is not a carpenters' union that would not be prepared to build a house for $500 less, if it could be assured of year-round employment. In our part of the country year-round employment in the house building industry is possible, but it has to be planned. You must have a roof over your head when it rains, or you do not like to work.

Has the government investigated all the possibilities of taking part payment in sterling so that our factories can continue in operation? I wonder whether they fully investigated the possibilities of making more of our goods available to the nations of the world that need those goods. I wonder whether they have investigated the possibilities of increasing the consuming possibilities of the nation.

One of the difficulties of our immigration department, as I see it, is that it has catered to the wishes of those who want to hire cheap labour. I notice, again in this morning's *Globe and Mail*, an article on a migration plan proposed for homeless United Kingdom children. It is a plan being considered by the government of Great Britain for the emptying of some of their orphanages. In Canada we have a situation not very far from here where up to $3,000 was paid by people who wanted to adopt youngsters. This article says that top government officials at Ottawa are cool in their reactions to the plans that are being formulated in Britain. I can think of no finer way of helping Canada with many of her difficulties, and also in the matter of employment and the sale of our goods, than by adding to the small population of Canada. Let us add not only workers to the population; let us let in every orphan in the world who wants to come and live here, and who has an assured home here. We need these people. If we can get them while they are young they will make top-notch citizens later.

The government are not willing to adopt the remedies offered by this section of the house. They are willing to adopt the theory of a planned economy only in time of war, or in some phases of it. I feel that the government is able to do a lot to relieve unemployment, even within the orbit of its own economic thinking.

The great battle of the world today cannot be won with armaments. You must have devoted people to go along with the armaments. Unemployed people and people who are in need are no people to fight a war with. You may have all the armaments you like, but unless the morale of the nation is high you are never going to defeat communism. The fight for peace is worthy of a lot more of sacrifice and a greater effort and devotion than is the battle of war.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, we all agree that the matter presently before the house is of grave concern not only to those who presently find themselves unemployed but to every man, woman and child in this country. If things are as black as they are pictured, then we have much to be concerned about. I feel it is regrettable that this debate has been carried on almost to the point of recrimination and in some cases close to slander of individuals and I could say almost equally of groups of people.

The Conservative party without too much recrimination are blaming the Liberals for the weaknesses in our economic system which caused the great depression, while Liberals have been equally vociferous in their declarations that the Conservative party was the cause of the great depression. In the minds of the C.C.F. party we are heading into the same disastrous conditions, while they seek to convince the people that through some magic wand of controls, such as those during the second great war, the present unemployment situation could have been avoided.

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I think these matters might well have been left to the historians. Perhaps the prophets of gloom could be better employed in thinking up some more constructive programs. I have yet to hear any constructive propositions brought forward. Perhaps it is coincidental, but during the speech of the Leader of the Opposition (Mr. Drew) when, in his usual forceful and if I may say so somewhat indignant manner, he was berating the hon. member for Temiscouata (Mr. Pouliot) for having made certain remarks regarding a previous prime minister, a page boy brought to my desk a magazine or booklet called *Cominco*. It is published by the Consolidated Mining and Smelting Company for the purpose of giving information to its employees and anyone else who may show an interest in the activities of that company.

There was an article describing the last stages of a $35 million power development on the Pend-d'Oreille river. This power is to be used in the many and varied, and I may say expanding, operations of this company. The power developed at this point will produce enough electricity to light a 60-watt bulb in every home in Canada. It seems to me that is a great concrete example—I may be facetious—of capital investment. It is analogous to the superfluity of words we have heard during this debate, and is a long-time answer in my opinion to the unemployment question.

As I have said, there have been recriminations between political parties, and certain charges have been made. Wishing to be completely fair perhaps I should not say "charges", but there have been inferences drawn on the part of hon. members on this side of the house and, if I recall correctly, by hon. members on the other side, that the labour leaders of Canada are one of the main causes of the present unemployment situation. I think this is most unfortunate as well as being untrue. It is the responsibility of a union leader to see that the workers under his particular jurisdiction maintain an economic balance with every other worker and, for that matter, with the farmers in the Dominion of Canada. I recall that long before I became a member of a trade union my father was a member of a farm organization, a farm union. All these economic units do get together to maintain their proper balance in our economic system.

It has been said that production costs and wages are the reasons for high prices since the end of the second world war. It has been argued, of course, that high prices are the cause of the present unemployment. I think it may be said with equal force that high wages and high prices are perhaps one of the reasons we have in Canada one of the highest standards of living of any country in the world, so that is hardly a sound argument. We cannot have it both ways.

I think we should look at some of the economic facts that have brought about this situation. It will be recalled that a tremendous productive potential was built up by our factories during the war. Vast sums of money were spent in research and development, which left the country with an internal economy capable of a very high standard. Then what is the cause of high prices? I think we have to remember that almost all non-combatants in Canada during the war made some sacrifice. They bought war savings bonds, they worked harder, and did without some of the amenities of life.

I can remember my own little town, which at the beginning of the war had about 1,200 employees who owned around 800 automobiles. Almost everyone employed was driving an automobile. No new automobiles came into the city during the war, while large numbers were sold to people on farms or people who were in a better position to buy tires and gasoline in the pursuit of their various employments. Undoubtedly it was a small sacrifice when we look back, but we did make sacrifices and because of that there was a vast development.

We were not financing the war entirely by our sacrifices and commitments. Money was created in various ways to the point that after the war there was cash in the banks and securities capable of being converted into cash about three times what there had been before the war. Despite this vast development and stimulus to production, our production did not increase much more than twice. Without some measure of taxation which would have been almost confiscatory, it was inevitable that wages and prices and production would equalize themselves. The labour unions had the inescapable responsibility of maintaining a balance between the wages of employees and the profits of employers. To my mind they have been neither arrogant nor unreasonable.

The hon. member who spoke before me reiterated the C.C.F. claim that the imposition of price controls at this point would have been the answer. I cannot agree with that suggestion. I disagreed with it from the very moment when price controls were removed, and I shall continue to disagree with it so long as I believe in the free enterprise system. I do not believe that was the answer to our problems. Price control could not have meant anything but state control or a further conglomeration of bureaucracy and

interference which would result in lower production. I believe there would have been a considerable amount of bootlegging, black marketing, and so forth.

There is one other aspect of this question which concerns the United States, with whom we have very close economic ties. There we have our greatest market, but they did not see fit at the close of the war to maintain wage and price controls, and if we had clamped on wage and price controls it would also have been necessary to clamp on export controls, because I cannot conceive of a manufacturer manufacturing and selling goods in this country at a price which was pegged, if he could sell to people across the line. Certainly with wages and prices increasing over there the average Joe here would have been left in a very sad state.

There are all kinds of arguments with respect to price controls, but that is one which I believe should be taken into consideration. The underlying and most important objection is that it means statism, and we all know that those countries which have resorted to statism have not yet been able to produce and maintain a standard of living comparable with that enjoyed in this country. That itself should be a sufficient argument.

There is also the question of those who are employed in Canada in industries whose markets enjoy a measure of tariff protection. Some supply the internal market exclusively, and they are perhaps in a more fortunate position. But those who work in industries which depend to a large degree on the export market, and suffer from its fluctuations, are not quite so well off. People in these industries cannot be expected to reduce their standard of living beyond that which is enjoyed by their fellow Canadians. Their standards must be kept in line, and if the export market weakens we have to find ways and means of adjusting the situation.

There is further evidence that it was not wage demands which caused high prices in the base metal and lumber industries. In the metal industry particularly, because of stockpiling by those countries which were preparing for an emergency, prices soared to unheard-of heights. Of course what happened was that the marginal operations came into production. There was high-grading of rich seams, and so forth, until the demand was oversupplied, and naturally the base metal industry is now suffering a depression.

The point I wish to emphasize is that the prices were out of line. I can recall negotiating for a wage increase with the Consolidated Mining and Smelting Company at a time when these prices were high. The negotiations were not conducted on the basis of the ability of the company to pay. In fact they admitted that prices were high, but claimed they could not pay more despite the fact that they realized there must inevitably be wage demands.

I believe it is commendable that even during this period of high prices some of the large mining companies with great foresight brought in simplified methods of production which improved their over-all efficiency. In co-operation with the unions they doubled their production while using approximately the same labour force. It will be difficult to convince an unemployed miner that this was advisable, but one could point out on the other hand that if this had not been done some of the larger mining companies would be out of business today.

Let us not forget that union leaders, like members of parliament, are elected representatives, and like us they seek only to do a good job. In the same manner as we do, they must face criticism from the members of their unions and be responsible to them for their actions. Like many hon. members of parliament they can always find someone to give them good advice, and there is always someone who feels that given the opportunity he could do the job much better than they are doing it. Union and labour leaders are plagued with advice to desert their present affiliation and join up with some other less militant organization. If they accept that advice they may find to their consternation that their new affiliation has deteriorated greatly in the eyes of the public. In the eyes of many people in Canada, and many employers, the only good union is one which is not asking for something.

Some hon. members have already referred to the rather loose accusations made by the hon. member for Temiscouata (Mr. Pouliot) against some labour union officers, and I must confess that in all the years I have been in the labour unions I have never met any of the individuals described by the hon. member. My reaction to the hon. member's speech might be compared with the feelings of the Leader of the Opposition (Mr. Drew) when he was rebuking the hon. member for his attack on a former prime minister in regard to the claim that the latter was manipulating the stock market at will.

On February 16 the hon. member for Cariboo (Mr. Leboe) had this to say as reported at page 2127 of *Hansard:*

> Personally, I am opposed to the professional bargainer. I think it is wrong in principle, because the very existence of the professional bargainer depends on the animosity between the employer and the employee. I will agree that expert advice is desirable. I think we should have

expert advice, but I believe it is wrong in principle for people to set themselves up in business as professional bargainers—

I might add professional politicians. I suppose there are some, though I have never met them. The quotation continues:

—because their livelihood depends on the animosity between the employer and employee. As soon as good will is created between the employer and the employee the professional bargainer is out of a job.

And further:

I feel that we would be better off and have a higher level of employment if bargaining were conducted on a local level as much as possible.

I have a few remarks I should like to make with regard to this statement. I am wondering if the hon. member has ever sat in on a session of negotiations with a large corporation represented by their top officials, with the highest legal authority on their side. They are experts in their own fields; for that matter they are specialists. Does the hon. member feel that it is presumptuous on the part of the union to have spokesmen who may have come up from the ranks—and in many cases they have come up from the ranks and gained experience in the process—speak for them? Is this a presumptuous attitude? Or for that matter does he feel that the union takes an unfair advantage by bringing along an adviser trained in research and economics? With regard to this statement, let me say further that a union officer's livelihood does not depend upon perpetuating the class struggle or, in the words of the hon. member, animosity between employer and employee.

Mr. Shaw: May I ask the hon. gentleman a question?

Mr. Byrne: Yes.

Mr. Shaw: Would the hon. member regard the professional bargainer as being a union officer? I refer to the professional bargainer as known in British Columbia. Is he a union officer?

Mr. Byrne: Mr. Speaker, I have never had the pleasure of meeting a professional bargainer; that is, apart from union officials. They are union officials who, with their experience, are called upon to go from place to place and assist in the bargaining. The successful labour leader, of whom I think there are quite a large number, is one who mostly knits the labour-management relationships, and who makes economic gains without any strike whatsoever. To be sure, the final decision for action should rest at the local level; that is, with the decision of the rank and file, by their ballots. But the hon. gentleman's plan would result only in a local company union which in effect is no union at all.

I listened with considerable interest to the hon. member for Vancouver East (Mr. Winch), in order to find out whether we had here an answer to the problem. But again there was little light. He sought to prove, perhaps in a different way than I, that wages were not the reason for unemployment today. In his statement he drew to our attention two contracts that had been let in British Columbia.

Mr. Winch: One.

Mr. Byrne: As reported at page 2155 of *Hansard*, he said:

In British Columbia, within the last twelve months, the British Columbia Electric Railway Company had occasion to call for tenders for a major high-tension power line and for the supplying of the towers. Canadian companies and companies throughout the world put in bids on the supplying of these towers. The lowest Canadian tender was in the neighbourhood of $1,600,000. The contract went to Italy at a price well below $1 million. No one can say that it is the cost of wages that did that, because if the Canadian workers had given their services entirely free of charge no Canadian company could have touched that Italian tender.

Then further, with regard to another contract he had been speaking to an executive of a firm in eastern Canada, I presume.

Mr. Winch: In Ontario.

Mr. Byrne: This is what the executive of the firm in eastern Canada had to say with respect to a contract on which he bid:

He said, "If our firm had given completely free the use of our factory and machinery, the costs of administration and the raw material required, we could not have matched the price of the English firm, who are up against a 20 per cent tariff when they come into Canada on that contract". He said, "We could not have matched it". That job meant approximately 300,000 man-hours of work.

And so on. I am not taking issue with this argument. I agree with the hon. member that wages are not the cause of the present situation. I went over that speech time and again, and I am going to ask the hon. member if he will allow me to come to his office sometime so I could just get the sense of what the argument brings out.

Mr. Winch: Yes. Examine my recommendation and you will find it. I gave it.

Mr. Byrne: Mr. Speaker, I am still at a loss to know just what the hon. member meant.

Mr. Winch: That is not new for you.

Mr. Argue: It is just continuing.

Mr. Speaker: Order.

Mr. Byrne: In my opinion the conclusion that was drawn is about as conclusive as any possible answer to the old conundrum of "How much oats and a little bit of hay does it take to winter a few head of cattle?"

I regret that I cannot support this amendment or the subamendment. Neither present

a solution to the problem. Either would defeat the government, thus necessitating another general election. While it may be the opinion of the members of the opposition that this is a solution, I cannot agree because I have not heard from anyone on the opposition side of the house as to what the solution is.

Mr. Winch: What is yours?

An hon. Member: What is the problem?

Mr. Byrne: I do not pretend to have all the answers, but I think there is a possible solution; for example, one may be found if we look at the statement made by the Acting Prime Minister during this debate relating to the proposed capital investment for 1954. I have said before that I believe the only answer is investment. The long-term answer to our unemployment is work and jobs, and jobs cannot be created overnight. Jobs can be created only by investment.

Mr. Zaplitny: Why were they lost?

Mr. Byrne: I am quoting the words of the Acting Prime Minister who was making a statement on what is forecast by way of investment for the coming year. As reported at page 2104 of *Hansard* he stated:

> The survey indicates a capital expenditure program for 1954 of $5·8 billion, roughly 3 per cent above the previous record achieved last year.

Having regard to all the gloom expressed in this house, may I say that I know the matter is serious and that there are many unemployed; but if we let this thing spread too rapidly, it may be possible that some of this investment will not be made. If that investment is made it should mean that there will be a considerable uptrend in the unemployment situation. To continue:

> Expenditures for new construction are estimated at $3,865 million, an increase of 6 per cent, while outlays for new machinery and equipment are expected to be 3 per cent lower.

There is still about a 3 per cent increase in the over-all projected capital investment for the coming year.

Mr. Winch: What is the increase in the number of unemployed?

Mr. Byrne: The increase has been variously stated here, from 3 per cent to 10 per cent; the hon. member can take his choice. I do not think the situation is as bad as some say it is. It is bad; I do not disagree there, but it is not as bad as they picture it.

There are a number of other large developments projected, perhaps not for the immediate future but in the foreseeable future. I think every possible step is being taken to further the St. Lawrence seaway project, not only by this government but the governments of Ontario and the state of New York. We have the projected trans-Canada pipe line, and we hope there is to be a pipe line from northern Alberta—I would prefer to say southern Alberta and coming through the southern part of British Columbia but I shall stay with the facts, something some members do not do. There is this projected pipe line from the northern part of Alberta down through British Columbia and over to the west coast, which will also supply the Pacific states.

As I have said, these projects are no immediate solution. They do not feed the families of those who are hungry today. The only answer to the immediate problem is perhaps an increase in the unemployment insurance benefits and the extension of those benefits. Why did we institute unemployment insurance if we did not think at some date there was going to be a levelling off, a readjustment of our economy? We have the fund, so let us use it, and let us not be stampeded into a depression.

The estimates before the house contain large expenditures for various projects. I feel we would be well advised to expedite the business of the house so that an early start can be made on these projects. The processing of contracts and so forth requires a considerable time. I suggest that we expedite matters sufficiently to enable these projects to be started by the spring break-up rather than the fall freeze-up. It might be remembered also that under the new arrangements for members' indemnities, the house can adjourn and we can be called together in the early summer without any additional cost to the taxpayers or without any of the formalities required for a normal session. Then we could get down to the business of hammering out a solution to the problem, if that should become necessary.

Mr. O. C. Trainor (Winnipeg South): I rise to take part in this debate, Mr. Speaker, in the hope that perhaps I may be able to shed some small ray of light on what has seemed to me to be a very confused argument. On one point only does there appear to be complete agreement, a true meeting of minds. Everyone believes unemployment to be a bad thing. Even here there is an element of unrealistic thinking. The Acting Prime Minister has said that even one person unemployed is a serious thing, and the C.C.F. agrees with him. One unemployed person may represent an undesirable circumstance, perhaps even serious from the point of view of the individual concerned, but it hardly represents a serious condition in the nation.

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The C.C.F. introduced a subamendment which is found on page 2096 of *Hansard* for February 15, 1954 and reads as follows:

. . . the serious and mounting unemployment situation now facing this country calls for immediate action by the federal government to prevent further economic distress.

Now, Mr. Speaker, let us put alongside of that the amendment sponsored by the official opposition and moved by my colleague the member for Vancouver-Quadra, which states that this house is of the opinion that the standing committee on industrial relations should immediately examine into and report upon the actual unemployment situation throughout Canada and present recommendations to this house as to the short-term and long-term methods of dealing effectively with this problem. The C.C.F. subamendment says, in effect, that the unemployment problem calls for immediate action by the federal government. The federal government, however, in the persons of the Minister of Labour (Mr. Gregg), the Acting Prime Minister, and the Minister of Finance (Mr. Abbott), along with the customary echoes, say there is no unemployment problem or if there is it is of such minor proportions as to be inconsequential.

Now, Mr. Speaker, how in the world can you get action on an unemployment problem from a government that says the problem does not exist? The very premise of your argument is denied. Consequently all subsequent argument is a waste of breath. The C.C.F. in supporting their subamendment, where any effort was made to support it, urged the adoption of shopworn socialist solutions which are usually trotted out in cases such as this. Such tinkering with the economy in defiance of economic law is no more likely to be successful here than it has been in other countries. Do the C.C.F. seriously expect, by the sound and fury of their oratory or by the exposition of the socialist dialectic, to convert the government? They cannot possibly be so naive. These oratorical pyrotechnics are designed for public consumption, and in the hope that they may possibly impress unthinking and uncritical people.

In contrast, the amendment of the official opposition is a serious and reasonable attempt to persuade the government to look at the problem and examine the evidence. It recognizes the fact that the government does not believe there is a problem, and reaches the obvious conclusion that as long as the government believes this there is no possible hope of remedial action. The amendment says to the government, in effect, "We do not believe your contention that everything is rosy, but let us take a critical look at all the available evidence. If it shows you are right everybody, including the Canadian people, will be happy. If it does not show this, you will be advised you are in error, and in addition will possess a body of expert opinion which cannot fail but be of help in devising suitable remedial measures."

Incidentally, Mr. Speaker, I wish to commend in the highest terms the contribution made to this debate by the hon. member for Yorkton (Mr. Castleden). I thought that in the main he presented a thoughtful and well-reasoned effort. He put his finger on the basic fact in this whole discussion, that employment in this country depends upon the maintenance of export trade. Export trade, in turn, depends upon a price structure that is really competitive. Apart from an occasional irrelevant remark and his somewhat naive and childlike faith in price controls, his speech was a valuable contribution and I should like to compliment him.

Apparently, however, the hon. member does not realize that price controls mean wage controls, and that they extend to wheat and other farm commodities. Moreover, controls as used in wartime were designed to counteract the pressure of scarcity on the price structure, whereas now there is no scarcity but rather an oversupply. Should we embark upon a program of peacetime controls I am afraid it might have consequences far from palatable to the hon. member's constituents—compulsory acreage reduction; dictation as to kind, quantity and variety of crop, to name but a few. This is not a piecemeal proposition. Once you start you have to go all the way.

The hon. member was pleased to use a medical analogy, stressing the fact that you must first diagnose a disease before treating it—a wellnigh perfect argument in support of the amendment put forth by the official opposition. Diagnosis is often a difficult and time-consuming procedure. It requires careful examination of all the available evidence, and in difficult cases the consultation of whatever experts may be available. It is not a haphazard and offhand procedure. The so-called snap diagnosis is the mark of the quack and the charlatan. Could there be a better illustration of the necessity for the objective study of this difficult and complicated subject of unemployment by a committee?

For the foregoing reasons I seriously question whether the C.C.F., in bringing forward their subamendment, are particularly concerned about unemployment, or whether they regard it as a convenient club to belabour the government for fancied political advantage. Bear in mind that only the government can cure unemployment, and they say it does not exist.

I may say I intend to vote for the sub-amendment, for three reasons; first and most important, because I will have a subsequent opportunity to vote for the amendment proposed by the hon. member for Vancouver-Quadra (Mr. Green), which really gives some prospect of coming to grips with the problem that, despite what the government says, we in this party believe really exists; and second, because it does say that there is an unemployment problem in this country, something which the government denies; and third, because it is really innocuous and can do no harm.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, in a country which is adequately equipped with resources and with the means of processing those resources into consumable goods, I think it could be safely said that unemployment is completely unnecessary and is not to be tolerated.

I have listened with considerable interest to speeches from all sides of the house; I think it is pretty well agreed among all hon. members that any degree of unemployment in this country is entirely regrettable and something we all should attempt to remove. Thus far we are all agreed.

The next question is how to do it; what to do to remove this condition of unemployment. It has been suggested that a number of new projects are being contemplated, and that these will provide employment for a large number of men. Whether there will be places for as many men as there are unemployed, or whether those projects will require the kind of men who are now without work, we do not know. We have to take a chance on that. But it is agreed that that is a possible way out of the difficulty.

May I draw to the attention of all concerned something else upon which I think we shall all agree, namely that where there is enough production and productive capacity and resources, we ought to be able to supply everybody in the country with a job. And if we cannot supply him with a job we should be able to provide him with an income, because where a nation is able to produce enough to supply the needs of everybody in the country, then surely it ought to be possible to provide means whereby everybody can obtain his share of the production or at least that share which will keep him living in comfort. I fancy all would agree to that. All would agree that what is physically possible it ought to be possible to make financially possible. If we can produce enough to supply everybody, then it ought to be possible somehow or another to render available the finances with which to enable everybody to enjoy a fair share of that production. Otherwise we are faced with what looks like foolishness, are we not?

In the days when the Indians owned this country, if they were able to get enough buffalo and enough fish and firewood they were able to live. In our day, if we can produce enough buffalo and enough fish and firewood we ought to be able to live. In order to live we have to have access to an income which will enable us to obtain the share of those goods we need. I believe that up to the present point everyone will agree with what I have said.

Our whole problem is that of rendering financially possible to everyone a good share of the production we can bring into being. There is hardly any doubt that we can produce enough food for everyone in the country, especially enough food to supply the great necessities of life such as wheat, cream, butter and fruit—those things which, taken together, will supply all the real needs of life. We can produce all the shelter required. It is obvious that we can produce all the clothing of the kind required. And so, all down the line, we can produce enough of practically every commodity necessary for life, and physically we can supply everybody in the country with those commodities. If we are not able to do that there must be something wrong with our system of distribution.

Then, since we have begun talking about the system of distribution, there comes to mind the matter of money, because we use money as a means of distribution. If a man cannot obtain access to money he cannot obtain adequate access to goods or services. Consequently the whole matter breaks down to a financial problem, and this is the general approach of the members of the Social Credit movement. We Social Crediters say "Now, if the problem is a financial problem, then let us attack it as such, and see if there is not some way in which we can render financially possible that which is physically possible".

We all admit that what we desire is physically possible, but up to the present time we have not learned how to make it financially possible. Now, how can we make it financially possible? In the last analysis may I repeat to all hon. members and to people throughout the country that the great problem is one of finance, how to create a financial system which will enable the people to enjoy all the goods we can produce.

I do not propose to proceed any further along that line this evening. I think all hon. members will agree with what I have thus far said in this connection.

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We have before us in this debate something which, in a way, touched off the debate in the first instance. I refer to the joint submission to the government on February 11 by the Canadian Congress of Labour and the Trades and Labour Congress of Canada. I fancy that since so many have referred to the document in question it might be well for me to give some measure of attention to it.

We find that the drafters of the submission make five main recommendations. I believe one of the great desires in the house, something which concerns members on all sides, is to grant to our labouring people what they feel is their right. Now, are we agreed that what they suggest as being desirable, as a means of attacking this problem, is good?

They advocate first Unemployment Insurance Act amendments. I think we will all agree that these would be desirable. Second, a nation-wide program of public assistance in co-operation with provinces and municipalities; I think everybody in all parties will agree that that would be desirable. Third, a public works assistance program: no specifications are given as to the detailed nature of the program envisaged, but in a general way I think everybody in the house will agree that that also would be desirable. Fourth, a greater encouragement of home building; I am sure everyone will agree that that is desirable. Fifth, increased aid to underdeveloped countries; and I am sure every member of every party in the house will agree that that recommendation is desirable.

The next question which arises in every mind, I presume, is where are we going to get the money to do all this? So once more the problem works itself out to one of finance. I do not think there is anyone in the house who doubts that we have the physical capacity in Canada to provide each of those five remedies. We do not say we have not the timber with which to build houses; we do not say we have not the coal to provide warmth; we do not say we lack the physical capacity to do all that is envisaged here, but we do worry about finances; therefore once more we find our problem is primarily one of finances. If we cannot find some way of raising money other than those which we have hitherto used and are now contemplating, then we might just as well give up in despair. That would be the general conclusion.

Inasmuch as our labouring men have not exactly told us where we can get the money, they have not contributed very much to our enlightenment in this all-important aspect. However, I do believe there is a way in which we can find that money.

[Mr. Blackmore.]

Before leaving this submission I would say in a general way that it is highly commendable. We owe a debt of gratitude to the earnest men in charge of our labour congresses who devoted so much attention to the planning and presentation of this submission. I am impressed with two paragraphs near the end of the submission. They are to be found on page 14, as follows:

> When unemployment reaches the proportions now being experienced in Canada it has more than economic effects. It carries with it social problems and political potentials which cannot be ignored.

I am sure everyone agrees with that. Then we find this passage:

> Unemployed workers and their families must be relieved of their hardship and suffering, but equally important, we must create and maintain a stable Canada, economically, socially and politically.

I am sure everyone will agree with that. Once more the question is, where are we going to get the money to do it? If we can only get the money we can do it. I will say this concerning this submission, before I leave it: Subject to a reservation or two because of the need of clarification, in my opinion, of certain phrases in some of these suggestions, I would support the submission wholeheartedly.

There seems to be a disagreement among the people in the house, the government on one side and the opposition on the other, mainly as to whether the unemployment we now have in Canada is of such a serious nature that we need to fear that it indicates the onset of a depression. It is too early for people to tell. It is natural for those who might feel it would be to their political advantage to have a depression, and who would like to blame the government for something very soon, to say this is a serious depression. It is natural for the government to say, "Well, now, it is not quite so serious as you think; at least, we hope it is not". And so we are inclined to disagree to some extent; but facing facts just exactly as they are, I think a good many members on all sides and of all parties think that it is serious enough. I think it is also pretty well agreed on all sides that unless something fundamental is done there will be a serious unemployment problem.

For the last number of years we have been able to keep ourselves employed because we have been fighting a war, or we have been preparing for a war, or we have been indulging in extensive foreign aid programs; mutual aid we have called it, lend-lease we have called it, and various other names. But we are pretty well all agreed that experience has taught us during the last almost 20 years, at least, that we simply must have some means

whereby there is a great deal of expenditure on goods that we are not going to use, to consume—such goods and services, we will say, as armaments, training soldiers, dressing soldiers and that sort of thing. We can say this, that sooner or later there will be a depression unless war develops, or there are heavy expenditures in preparation for war, or that extraordinary expenditures for mutual aid or domestic improvements or both come to be a permanent and normal feature of Canada's governmental procedure.

Once more the question arises, where is the money going to come from? Wherever we go we run into that difficulty. Where are we going to get the money? The United States can go on and spend vast sums of money in preparation for war, supporting various nations in their troubles with communism, and all that; but in due time they will reach the limit of their borrowing capacity. They have already reached the limit of their safely taxable capacity. Therefore the question arises, what are they going to do, and what are we going to do when we get into a position similar to that which they have reached?

Without at present going too much into detail as to where we are going to get the money, may I just leave the question temporarily and devote attention to this matter of getting money, raising money. We are taxing just as much as we dare tax anybody. We must not go further into debt. We need a great deal more money. Where are we going to get it?

While I am speaking I would suggest that there are some five measures which would give us a good deal of help if we can get the money, and I am sure we can. First is the payment to farmers of a substantial advance per bushel on the grain they store on their farms, provision for adequate storage facilities on the farms, and the payment to farmers for storage of grain stored on their farms.

Those of you who were in the chamber on November 17, 1953, will remember that I outlined a program which I believed would solve the problem of western farmers. I still stand by that program. There have been a good many who found fault with that in one way or another, but sooner or later they have agreed that when I made the suggestions I did on that occasion I was putting my finger right on the essential needs of the situation. I proposed that money should be made available to farmers at not more than 2 per cent, with which to build adequate storage facilities on the farm. That seems so simple that you would believe everyone would say, well, certainly, that is good common sense.

A good many people misunderstood my proposal. They thought I meant that the money would be advanced out of wheat board funds. That is not right. That money should be advanced by the dominion government. Let us consider our Bank of Canada, which was set up in 1934 with a great deal of fanfare. Everybody thought it was going to do wonders for us. Pretty nearly anyone would agree that we ought to be able to get money from the Bank of Canada at 2 per cent to build storage on farms. If the Bank of Canada cannot supply the money we need at 2 per cent to build storage on the farms, then it ought to disestablish itself because it is of little value to us. I think pretty nearly everyone will agree with that.

I advocated that an advance of 75 cents a bushel be made on all grain adequately stored. I believe everybody will agree that that is desirable. I advocated also that there should be a payment of storage on grain stored on the farm, to encourage the farmer to take care of the grain himself and have it on the farm in case of an emergency.

I suggested that Canadian dollars should be advanced to assist prospective buyers of Canadian wheat abroad. I do not think anyone will object to that. We should do that. That principle was applied by the United States, and it worked with great success. They lent money abroad for many years after 1920 with which outside people were able to buy their goods. There is no reason why we should not do the same. It could be done by taking money out of that Bank of Canada. It would be pretty hard to see how anything better could be done with the Bank of Canada.

I suggested also that measures similar to these should be adopted in respect of our coarse grains. If this set of measures alone were adopted all over the three prairie provinces I believe you would find there would be a tremendous loosening up in pretty nearly every aspect of our economy. You would find that those who had sold clothing to the farmers, for example, would be able to get their pay. Merchants would be able to get their pay and would be able to buy clothing and other supplies from Ontario and Quebec which they have been in the habit of buying. To a surprising degree people would be going back into employment, people would begin to buy lumber for houses and all that sort of thing. I venture that you would find probably no measure which would be more immediately beneficial in the matter of restoring employment conditions in Canada than just that set of suggestions which I made on November 17.

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I would suggest as a second means of relieving our problem immediately that we adopt a realistic housing program, one that would make financially possible what is physically possible in the matter of housing in Canada. I am sure it must strike everybody as being simply preposterous that we should have people in this country who are not able to get houses when we have forests of timber in British Columbia all ready to be made into lumber. There are great quantities of lumber in British Columbia just waiting to be brought out to be made into houses. Surely everybody must realize that a preposterous situation now exists.

Once more we come to the matter of finance; and once more I suggest that the financing should be done by the Bank of Canada, which was set up back in 1934. At that time everybody was led to believe that all our financial problems would be solved the minute we got this glorious Bank of Canada. When we got this glorious Bank of Canada it became an impediment to us rather than an assistance in respect of all these vital matters. If the Bank of Canada is not able to do the job then it is time we found out what is the matter. If the Bank of Canada cannot do the job, let us go back to the means we used before we had the Bank of Canada. We had a set-up then which could do this kind of job.

I suggest a realistic housing scheme which would enable people to get money at 2 per cent or even lower in order to build houses, without having to spend $8,000 or $10,000 for a house. Men should be able to build their own houses if they want to, and be able to get the money with which to build those houses without having to comply with a dozen and one regulations that only those with the best kind of incomes are able to comply with.

I suggest as a third measure that we have an extensive and comprehensive reforestation project. We have been wasting our forests up to the present time. I think anyone who contemplates the great forest regions that existed in this country 65 or 70 years ago must feel ashamed because those forests have been wasted in large measure. There are children who will be our descendants in 75 years and who will need forests. What are we doing to provide them with forests? Are we going further to waste this huge heritage that we have, or are we going to rebuild our forests and leave to them fruitful fields for endeavour?

I think everyone agrees that it would be a highly desirable thing if we cultivated our forests. The Germans were able to cultivate their forests to the extent that one hardly saw a stick lying around on the forest floor.

They cared for their forests as though they were gardens. There is no conceivable reason why we should not do the same. By this means we could provide work for many who are now idle. It would not require too great skill to go into the forests and start them growing again. As I have suggested, we need not fear having any unemployed if we embarked on a wide-scale program of reforestation.

People will say, where are you going to get the money? What is that Bank of Canada for? That is what we have to ask. Let us ask ourselves over and over again. When will someone venture to go over to the governor of the Bank of Canada and ask him what they are there for? Ask him what this bank is there for, anyway. Ask him if it was put there as an impediment to Canada or as a benefit to Canada. How can they benefit Canada today except by providing us with money when we need money?

An hon. Member: Oh, oh.

Mr. Blackmore: There is somebody down there who is forgetting his responsibility. I am sure that he would not want his constituents to know that that is the kind of thing he is saying in a serious moment like this. Let us just be serious now.

I can remember in 1933 and 1934 when the Bank of Canada was being talked up all over. We were given to understand that it was going to solve our financial problems. Well, it has not begun to do as well as we did under the Finance Act of 1923 and the Finance Act of 1914 in the matter of providing us with money to meet contingencies of this kind. No one has ever taken the trouble to explain why it is not doing that service.

Now, the fourth suggestion I have to make I think was impressed upon us in southern Alberta and in other parts of the country last year particularly, because of the great amount of rain we had there. We should have a comprehensive program of flood and erosion control all across Canada. I hear men rise in this house and talk about how river banks are being worn away by high waters. They talk about the floods that are occurring, that are washing out bridges and all that sort of thing. It is not too soon in this young nation to go to work in real earnest to establish the means of controlling floods.

I know of strategic points all over southern Alberta where control projects could be constructed to stop disastrous floods such as those that struck us in June of last year and which did such tremendous damage. They might have done much more. Similar conditions must exist all over the Dominion of Canada. Why do we not arrange for the controlling of floods like these before too much damage is done? Already enough

damage has been done. If we provided for the controlling of floods all over this country I imagine we would not have very many people unemployed. Of course they would have to be used in the warmer season, but there are things they could do in the winter-time.

I would suggest as a fifth measure that we go right to work in real earnest to build roads all over this country, and do not leave the building of roads entirely to the provinces. Generally speaking the provinces are simply not able to bear the financial burden of building the roads which are necessary. But the dominion can assume that burden if the dominion will use the Bank of Canada, or a Bank of Canada that is modified as it needs to be from what the Bank of Canada now is. I believe that everybody who thinks about this realistically will agree with me.

It is time we had roads all over this country, for many reasons. It is beyond the power of the provinces financially to build those roads. There is only one agency able to supply the finances necessary to build these roads. We certainly have all the means available to build roads. We have the soil that is necessary; we have the rock that is necessary; we can have all the asphalt that is necessary to build these roads. We have people enough to do it. Why not go to work to do it? What is physically possible should become financially possible.

I suggest that by the time we have dealt with these five proposals which I have advanced—they are not original; they have been advanced by various members in the house in this debate—by the time we get done building all these projects, then we can look for other projects. If we cannot find the money, let me repeat once more that the Bank of Canada was established presumably to provide the people of Canada with money. Let those who have the responsibility remember that we are here to find a solution to this problem, not to make silly wisecracks. We were sent here by 15 million people to find the solution, and every single one of us is responsible. Let us bear that in mind, and let us face the problem.

The Finance Act of 1923 and the Finance Act of 1914 provided Canadians with the money to do things. Let us now go on and do things. Let us re-enact the financial measure that can meet the purpose, if the Bank of Canada is too puny to do it. The Finance Act of 1923 was strong enough to do things, and through the strain of world war I the Finance Act of 1914 enabled Canada to do great things. It should be remembered, incidentally, that after the end of world war I we had no increases in prices such as we have had at the end of world war II.

That will be enough to start with. I leave this contribution for the consideration of hon. members and the country with the promise that at a later date I shall go on with the story.

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I believe that in many respects this is the most important debate that has taken place in this house. There has been some disagreement about the extent to which we have unemployment. There has been some disagreement as to the solution for the problem. But I think the important thing to watch is not the figures, which are subject to change from day to day and have often changed for the worse in the past few months, but the trend which has been developing within the past year. That trend is quite noticeable, and I do not believe there is any chance of mistaking it. We are heading back into an unemployment situation. It may recover at times, and at times it may appear to be getting worse, but the general trend is back to the situation which obtained in 1929.

The hon. member for Cape Breton South (Mr. Gillis) has moved an amendment, and that amendment calls for immediate action on the part of the government. I regret that it was necessary for the hon. member for Winnipeg South (Mr. Trainor), who comes from my own province, to criticize that amendment, particularly from the angle that we might rush into something, and say that in his opinion it was more desirable to set up a committee, or use the committee which existed before, the industrial relations committee, to study this situation and get the facts. I would be rather more impressed with that suggestion were it not for certain historical facts. I have in my hand a publication which appeared in 1934 and which contains quotations from some of the speeches of the then leader of the opposition, Mr. R. B. Bennett.

An hon. Member: His government?

Mr. Zaplitny: No, this goes back to 1930, when he was still leader of the opposition. These speeches were made at various points during the election campaign of 1930. As we know, 1930 was perhaps the beginning of what we call the depression. At that time we already had an unemployment situation in Canada, though it was not as bad as it turned out to be later on. But at that time the leader of the opposition, the late Mr. Bennett, apparently did not believe in setting up committees or holding conferences.

I quote his own words as taken from one of his speeches, made on July 10, 1930, when he said:

> The Conservative party is going to find work for all who are willing to work, or perish in the attempt.

Then later on, speaking of the government he said:

> Mr. King promises consideration of the problems of unemployment. I promise to end unemployment. Which plan do you like best?

Further on he said:

> Mr. King promises you conferences, I promise you action.

That is the kind of language I like. Unfortunately, events proved he was not able to carry out his pledges. I do not wish to lay any particular blame at his doorstep, because the situation did not develop after the Conservative administration took office. It developed before that.

I want to make this quite clear. What we are debating now is not a temporary situation. It is not seasonal unemployment, although there is an element of seasonal unemployment in it. We are debating a problem which has been unsolved in this country since 1929. It is true we have had periods of nearly full employment, but the situation which developed in 1929 and continued until 1939 and well into 1940, under both Conservative and Liberal administrations, was not solved by any government.

One needs only to look over recent pages of history to find that as late as 1938, after three years of a Liberal administration which quite often took credit for having solved the unemployment situation in Canada, there were almost one million people on relief. These are the facts, and any hon. member is at liberty to go back and check them for himself.

It was not until 1940, when world war II came upon us, that the unemployment situation began to disappear. That continued throughout the war. However, let me point this out for the benefit of those who have a habit of sneering at the suggestions we put to the government, and to those who have great faith in private enterprise and its ability to make all things right—and here I am not being critical of private enterprise, but simply stating the facts—that even in 1940 private enterprise was not the motivating force in our economy which solved our problem. The Acting Prime Minister (Mr. Howe) will remember when he, in his capacity as minister of munitions and supply, I believe it was, had to report to this house that with the war already upon us he was not able to place war contracts with a limitation of 5 per cent profit because private industry refused to produce on that limit of profit, and it had to be done away with and they finally received what they wanted.

It was public enterprise by the people of Canada through their war bonds, under the direction of their government it is true, which supplied the war effort, and at the same time as a by-product solved the unemployment problem. During the war when we were devoting half and at times more than half of our total potential to war, and perhaps more than 50 per cent of that was going overseas in war material, the people of Canada lived better, on the average, than they had ever lived before.

That in itself proves that it was not private enterprise, it was not any magic solution by the government, but the fact that for the first time in years the government had used the resources and the power of the nation toward a definite objective which solved the problem. Even when that objective absorbed the best of our population, the best young men most capable of work, and took away more than 50 per cent of the materials that were being produced, the by-product of that effort kept the people of this country on a higher standard of living than they had ever experienced before.

That was the situation when we entered 1945. Again what did we find? When the war ended our so-called prosperity continued. We were quite capable of making outright gifts and extending loans amounting to millions of dollars in the aggregate after the war ended, and despite the fact that we were giving away these things, making these loans, and still using half of our production for purposes other than domestic consumption, we continued to provide the people of Canada with goods and services to a greater extent than they had experienced before the war.

That went on until 1949. By that time great pressure had been exerted upon the government from various sources, some of them in this house, to get rid of wartime controls. There were those who said that we must return as quickly as possible to what they called "normal". I have never been able to find out exactly what they meant by normal. However, they wanted to get rid of all controls and go back to the free enterprise system. Hence by 1949 we began again to have an unemployment situation in this country.

Then came Korea. That is one of the things I find members on the government side do not like to mention very often, namely

the fact that in 1949 we were already beginning to drift back into an unemployment situation. The Korean war did what? It made our national defence budget run into $2 billion and more. Again almost half our potential in this country was devoted to war. Again our economy got a shot in the arm, unemployment began to disappear and things began to move once more. It took a large war and a small one within the last 15 years to burst the financial dams in this country, which had dried up the sources of the medium of exchange, in order to permit us to supply ourselves with the goods and services which have been at our fingertips ever since Canada existed. Those are things we have to recognize. We may agree or disagree upon the solution, but let us at least recognize the facts as they are.

The war in Korea ended, to the relief of millions of people across the world, and we hope that peace will be with us. Now we could turn our attention to the many social problems facing us, and to the improvement and development of this country which is one of the greatest on earth. But what do we find? Instead of entering upon a period of greater prosperity than ever before, and to which every economic and physical factor points, we again find that we are drifting back into what some call recession while others even use that horrible word "depression". Let us call a spade a spade. We are drifting back into a depression; and unless the government are willing to take action they are going to find themselves in the middle of it before they are ready to recognize it or admit it.

We now have—and I am going to use round figures—approximately half a million unemployed. There are those on the government side who say that there are not that many; there are those in the labour ranks who say there are more. But even taking the figures given by the Minister of Labour (Mr. Gregg)—and he stated there were something over 500,000 who had made application for work at the various employment agencies across Canada—and even making some allowance for duplication, if there may be some, it is quite safe to say that there are in the neighbourhood of half a million unemployed in Canada.

This figure represents almost 10 per cent of our Canadian labour force. No one can shrug that fact off or brush it aside by saying it is seasonal unemployment. Now when we are entering the spring season, when that part of the unemployment which is seasonal should be clearing up, what do we find? We find that lay-offs are continuing. The unemployment figures are increasing rather than decreasing. That fact in itself proves that the unemployment is not a seasonal matter, and that it is owing to one of the weaknesses in our economic set-up.

There are those who say, "It is all right to talk about giving people jobs, but perhaps there is not enough to do. Perhaps there are just not enough jobs to go around." One has only to travel across the country to see some of the things that need doing. Let me put it this way. In 1953, according to the figures issued by the government itself, our gross national product was in the neighbourhood of $24 billion; in fact it was a little bit over $24 billion. Our population is roughly 15 million. If you do some simple arithmetic you will find that that gross national product comes to a per capita amount of $1,600 for every man, woman and child in our country. Let us take the average family of four; that works out to $6,400 per family.

This means that the nation has already produced or is capable of producing goods and services in order to supply every family in Canada with $6,400 of goods and services if we wanted to use it all in consumer goods. But let us allow one-third of that amount for depreciation and capital expansion; and that figure is one which is considered to be fair. It still means that every family, on the average, in Canada would require an income of over $4,000—about $4,400—to buy back the goods and services which we have already produced.

If we look at the statistics, what do we find? We find that 74 per cent of the wage earners or the people who work in Canada have an income of less than $3,000. We find that 40 per cent of them have an income of less than $2,000. We even find that 14 per cent of them have an income of less than $1,000. How in the world are those people going to buy back the production which they themselves have produced? It stands to reason that there is going to be an apparent surplus.

I say "apparent surplus" because it is not a real surplus. One has only to go through the country—as almost every hon. member does from time to time—go into the cities or the rural areas, to see how many families are living on the bare necessities of life; how many families cannot buy the very simplest luxuries or the very simplest things which make life worth living, apart from food, clothing and shelter; how many are living

in homes which are not fit for human habitation; how many schools have not been painted for the last 50 years; how many hospitals need to be built, and how many first-class roads we could use in this country. Let us think of the hundreds of accidents which occur every year at level crossings across Canada where trains and automobiles collide, and consider the tragedy of it.

Everywhere you turn there is work waiting to be done. Yet we are told by some of our so-called leaders in government, "You just have to get used to the situation; you just have to adjust yourself to the competitive position". Whom are we competing against? This nation is producing $24 billion worth of goods a year and is capable perhaps of producing much more, because we are doing that while we are keeping 500,000 persons idle. If everybody were working our national product would run over the $25 billion mark. Yet we are told that we must get used or adjust ourselves to a competitive position. With whom are we competing? Apparently with ourselves. The goods are there; the services are there. What is lacking is the purchasing power—I refer to the effective purchasing power—in the hands of the people.

The hon. member for Kootenay East (Mr. Byrne) this afternoon was more or less critical of the members of this group for bringing these matters to the attention of the government, the house and the country without putting forward any constructive proposals. That is not an accurate statement, because proposals have been made. But just so that no one will think I am trying to be critical of the government without placing anything before this house, I am going to make some proposals and offer a few comments on at least one of them.

I believe there are five things which the government or this parliament could do and which would be designed to place purchasing power in the hands of the people who could effectively use it. Let me again repeat that it would require an average per family of $4,400 to buy back our production; and that is only that part of the production which can be devoted to consumer goods, after allowing one-third for depreciation and capital expansion. I propose, first, that we should reimpose price controls; second, that we should increase old age pensions, family allowances and war veterans allowances; third, we can reduce the sales tax, which is now 10 per cent, and reimpose the excess profits tax; fourth, that the government proceed with a large-scale public investment program; fifth, reduce interest rates in order to cut the cost of doing business.

[Mr. Zaplitny.]

I should like to refer briefly to one or two of these points, and I shall start with the question of price control. I have heard a number of members on both sides of the house express themselves as being opposed to price control.

Mr. Nickle: Do you accept wage controls too?

Mr. Zaplitny: Just possess your soul in patience, and I shall come to that before I am finished. There are those who say they are opposed to controls as a matter of their basic political philosophy. Let us approach it from that angle for a moment. Let us not kid ourselves that we do not have price control in this country today. We did have price control during the war years down to about 1946 or 1947, administered by a board set up by the government. In my opinion that was the most democratic way in which it could be done. There were improvements that could have been made, but at least it was always under the control of the public representatives elected by the people. If there were any grievances or any injustices they could be brought to the attention of the government in this house.

Starting in 1946 the government saw fit to wipe price controls from our statute books. Some people were under the impression when the process was finished around 1949 that we no longer had any price control. Nothing could be further from the truth, Mr. Speaker. We have price controls just as effectively today as we had them in 1945, 1942 or any of those years during the war. The only difference is that price control now has been transferred from the hands of the government to the hands of private industry. No economy, particularly an economy such as ours, could operate without controls. Let no one kid himself that it is possible to do so. It would be no more possible to carry on the economy of this country without some type of control than it would be to drive one of these modern 200 horsepower motor cars without any brakes or steering gear. You would wind up climbing a telephone pole.

Somebody is always going to control the economy of this country. It is for us to decide whether it is going to be the representatives of the people who will set up a system of controls for the benefit of the people, or whether we are going to leave it to private industry to do it for us. They are not going to do it for us; they are going to do it for themselves. They have been doing it very effectively. One has only to glance at the annual reports published by the big companies themselves, and by our financial institutions in recent years, to find that their annual profits are climbing at a great rate.

The other day a reference was made to the farm implement industry. One has only to glance at the reports from that industry to find that from 1946 to 1951 their profits increased by approximately 223 per cent. They exercise price control very intelligently for themselves. They are not exercising it for the benefit of all people in Canada; and I, for one, would not expect them to do so. It is not their function. The board of directors of the Bank of Commerce, Canada Packers, Massey-Harris or International Nickel were not set up by the shareholders in order to establish a system of price controls for the benefit of the consumers in Canada. They were put in there to create profits. I want to give them credit for doing a good job. They are making enormous profits. One has only to check their annual reports to ascertain that. You will find that after taxes their profits are still much higher than in any period since 1946, and have been increasing every year.

Mr. Trainor: Why not put them on the record?

Mr. Zaplitny: If I were to put everything on the record to which I made reference I would not get it all into one speech. The hon. member does not need to take my word; he has only to refer to the statistics, and he will find that those profits have been increasing enormously every year since 1946.

The trouble is that while those profits have been increasing, the result of the removal of purchasing power from the people has been dumped, so to speak, in the lap of the government. The government has only the result of the situation but has no control over it. I, for one, have no hesitation in suggesting price control. Let us not get the impression that price control means holding prices down, because in its essence it does not mean anything of the sort. It means bringing about a proper relationship between prices. For example, it is well known today that farmers across Canada are receiving a smaller income for their produce than they have been enjoying in recent years, while at the same time they are paying higher prices for their farm implements, their fuel, their fertilizer and the other things which go into the cost of production.

We are told that trade is one of the ways in which we can keep full employment in Canada. How is a farmer going to produce agricultural products which can sell on world markets at lower prices when his cost of production is going up? Certainly if the government had maintained a sensible system of controls the farmer would be in a position today to produce his products at lower prices, and his price relationship would allow him to sell his goods on the markets of the world. His standard of living would not be impaired.

A question was asked a while ago as to whether or not I was in favour of wage controls. Let me tell my hon. friend that what I said a moment ago about industry taking over price control holds true for labour. Industry is doing a job in controlling wages. Ask any labour union about that, and they will give you the full story about wage control. What we need is control of prices which are being manipulated by monopolies and combines at an international level.

Again let me say it is not the business of private industry to maintain a proper price level; that is not their function. Their function is to produce goods and make a profit. I have no criticism of the fact that they are making huge profits. It is the function of this parliament to watch and protect the welfare of the consumer in this country, particularly the welfare of those senior citizens of ours and the veterans who are on fixed incomes or pensions. They are the first to be hurt when the cost of living begins to spiral.

I want to refer also to the question of public investment. From time to time, in fact since 1945 when the famous green book proposals were put out—the government has been putting out so many of these books we get our colours mixed, but I believe it was the green book proposals—we have been told that it was the intention of this government to launch upon a wide scheme of public investment by way of necessary public works, and also to initiate certain industries where necessary. The years have gone by since 1945, and nothing has come out of it. In recent months announcements have appeared in the press to the effect that the government has some sort of plan, "built-in stabilizers" as they call them, and certain fiscal policies which would prevent a recession.

I think it is time these mysterious hat tricks of the government were brought to light. Let us see what these built-in stabilizers are. Let us see where their public investment program is. For what reason are they holding back? We were told, in 1946 I believe it was, that the government had a shelf of public works that was being held for just such an emergency as this. So far as I can see it is still on the shelf. It has not been brought before this parliament. It has not been brought to the attention of the country, and the situation is becoming worse each day.

We say, Mr. Speaker, that there is an immediate problem. I hope something can be done immediately now that the problem is

here. At the same time let us not kid ourselves into thinking that within a few months we are not going to have an unemployment situation, and that we can just sit back and wait until next year, or until the problem reappears. It will not work out that way. The purchasing power of the people is being drained off in the form of profits at a greater rate today than ever in the history of Canada. If that process continues, and if there is nothing in the form of government policy to replace that purchasing power in the hands of the people who need it and who will use it, then our unemployment problem will increase and snowball until we reach a major depression within a very short time.

Mr. L. E. Cardiff (Huron): Mr. Speaker, now that parliament has increased my yearly remuneration by some $4,000—and, I might add, without my consent—I for one intend to do my very best to try to earn that extra money. Perhaps that is a challenge to some other members who may wish to do likewise. I would warn them, however, that if no effort is made to place themselves in the position of $10,000 a year men, many of them will never get past the next general election, and will not be here to enjoy that remuneration.

I had not intended taking part in the debate because, as hon. members know, we are getting on toward the end of it. However, no one has mentioned the point I intend to discuss at this time, and that is my reason for rising. If someone had said these few words I intend to say I would not have bothered getting to my feet.

The government most certainly must accept a share of responsibility for the unemployment situation as it exists today. The government, and in particular the Minister of Citizenship and Immigration (Mr. Harris), are responsible to a greater extent than they care to admit. Hundreds of thousands of immigrants were brought to this country as agriculturists, their contracts stating that they were to stay on the farms for a period of one year. What happened? Many of them left their employment in one or two weeks, leaving farmers high and dry, and migrated to the towns or cities to find employment, perhaps to be absorbed in industry.

I remember warning the minister about three years ago that the immigration laws should be changed, extending the time to about five years. This would have stopped many of the immigrants coming here as agriculturists. They found the only way they could get into Canada was to come as agriculturists, and we know that many of them were not qualified for that work when they came here and had no intention of remaining on the farms. If they had been told that they would be kept on the farms for a longer period of time they would not have come out in the first place. This, to my mind, would have done more than anything else to assure jobs for thousands of men, because it would have stopped many others from coming to Canada in the first place.

Their only way to get into Canada was to come here as agriculturists, and I say the government should have compelled those men to fulfil their contracts. The second mistake was made when the government refused to accept advice to change the provision in the immigration law from one year to a period of from three to five years. This would not have been any hardship for those who intended to make agriculture their life's work, and I am sure it would have had the result that many who now are unemployed would have been working steadily.

There are many farms in this country that could absorb more men than are now available. In addition to this, many farmers cannot afford to match the prices offered in industry. That is one reason men have left the farms; they can get higher wages elsewhere. But had they been compelled to fulfil their contracts when they were brought out here in the first instance we would have found that a great many men who are now walking the streets would have been on those farms and doing good work. However, as these men were probably the last to be absorbed into industry, they have been the first to be let out. That is one of the reasons why unemployment figures run so high at the present time.

To work is not a hardship—that is, unless there is something else one would rather do. One reason there are so many out of work in the farm machinery plants is that the farmers have stopped buying farm machinery. The machine companies have priced themselves out of the market, and the farmer cannot afford to pay farm machinery prices. Labour costs are too high. How can we expect anything but unemployment when the farm income has dropped by about 30 per cent? If the government wants to lessen the degree of unemployment all it has to do is to step up farm prices, and just watch the unemployment situation disappear.

Another factor that is unfair to the farmer is the income tax. Working hours should be considered when farm income is being computed. Why should farmers pay the same rate of tax on income earned when it requires twice as many hours to acquire the same amount of money? And we know, too, that farming is always a risk. The farmer never knows, after having worked to prepare

land for a crop, whether he will receive a suitable return, because much depends on the weatherman.

In closing let me say that the government must accept responsibility for at least a third of the number of unemployed, by reason of not having done those ordinary things one would expect it to do to assist the workingman. Export markets as we know are not very encouraging, and the world demand for wheat has been less buoyant. Continued surplus production in the United States does not brighten the hopes for Canadian producers. Cattle prices have dropped by at least a half in the last two years.

Then federal taxation has done as much as any other single thing to create unemployment. If taxes were to go down the cost of living would go down, as well as the cost of production. We should then find ourselves in a better position to compete for world markets. I most certainly hope the government will consider these problems.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, every now and again the biologists and the anthropologists flatter the human race by telling us we are superior to the lower animals because we learn by experience. However, having listened to the comments of some government spokesmen in recent days I begin to wonder whether that flattery is justified.

An hon. Member: Speak for yourself.

Mr. Cameron (Nanaimo): I am speaking for myself, as a human being.

An hon. Member: Not for the government.

Mr. Cameron (Nanaimo): No, not for the government. Looking over the debates of the House of Commons of about 20 years ago, I came across precisely the same sort of debate we are having today, on the subject of unemployment, by way of an amendment to the motion to go into supply. I find that almost the same kind of thing was being said then as we have heard today.

For instance, at page 1275 of *Hansard* for April 4, 1930, I find a speech by my old friend Henry Spencer, in which he speaks of the unemployment situation and points out that at that time the number of unemployed in Canada stood, in round figures, at 100,000. That interested me, because at that time it was quite obvious that members of the house on all sides were taking the unemployment situation extremely seriously. Yet here we had a figure of 100,000 out of an admittedly lower population of about 10 million. That is, there was only a fifth of the number of unemployed we have today, at a time when the population was two-thirds of today's population.

Now, of course not all people at that time took the same serious view of the matter that Mr. Henry Spencer did. We had another gentleman who was, need I say, a government supporter of the day, a member of the Liberal party in 1930, and he had this to say in part, as reported at page 1347 of *Hansard* for April 7, 1930:

> During the summer season of 1929 this country enjoyed the greatest era of prosperity that it had known since confederation. Never in the history of this nation have we enjoyed greater prosperity, greater development and greater contentment, and nowhere else in the world could a labouring class be found who enjoyed a higher standard of living than did the people of Canada during the year 1929.

Mr. Speaker, one might almost have imagined that the Acting Prime Minister (Mr. Howe) was speaking. Yes; and then, as my Conservative friend says, "came the deluge". But the deluge was in the form of a Conservative government, which arrived in 1930. In *Hansard* for 1931 we have the report of speeches made at that time, in which the prime minister of the day is quoted as having said this, as reported at page 465:

> I tell you that when parliament meets, if there is not then evident further increase in employment, additional steps will be taken to meet the situation.

And the hon. member who quoted him said this:

> I believe, Mr. Speaker, we have a right to know what those additional steps are to be.

Again that is curiously reminiscent. I refer you, Mr. Speaker, to a more recent *Hansard*, as recent as February 12 of this year. At page 2026 we find a statement by the Minister of Finance (Mr. Abbott) in answer to a question regarding the fiscal and monetary measures which, according to the Acting Prime Minister, this government is now implementing to prevent a rise in the level of unemployment. I find in it very much the same sort of vague assurance that the people of Canada were receiving from their spokesmen in 1930 and 1931.

I suggest that it is time the government began to take a little serious interest in the actual state of affairs in Canada, that they should take their heads out of the sand, that they should, for instance, perhaps listen to the voice of the executive commission of the Canadian association of social workers whose corresponding secretary had a letter in the Toronto *Globe and Mail* this morning, from which I should like to quote a few rather striking sentences:

> Last year, after most careful study by the Canadian Welfare Council and its membership across

Proposed Committee on Unemployment

Canada, representations were made to the government at Ottawa and to all provincial governments regarding the urgent necessity of having some over-all and permanent provision made to meet the situation and avoid the destitution and disruption of normal family living which today faces many families through no fault of their own. As far as can be observed, nothing has been done to make effective the recommendations made in this report or to evolve any satisfactory alternatives. Unemployment of able-bodied employable people who need and want work is a national problem which strikes at the very roots of family life and causes untold suffering.

There is more in the same vein, Mr. Speaker, which indicates that people whose daily work brings them into close contact with the unemployed are viewing the situation today with a great deal more gravity than our spokesmen on the government benches are doing.

It may be that such champions of free enterprise as the government of Canada will pay more attention to such sturdy enterprises as Messrs. Dun and Bradstreet rather than to the presumably soft-hearted and sentimental social workers. Messrs. Dun and Bradstreet have some rather shattering information for us too, as published in the *Financial Post* of February 13 of this year, where they report the number of business failures in the years 1952 and 1953. They tell us that in 1952 we had 843 business failures; in 1953, 1,039, an increase of 23 per cent. But worse than that, the number of business failures in the last quarter of 1952 were 192. In the last quarter of 1953 there were 317 failures, an increase of 65 per cent.

The liabilities of those failing concerns presented an even more serious picture. In 1952 the total liabilities of business failures amounted to $21,823,000. In 1953 the liabilities amounted to $30,704,000, an increase of 40 per cent. But here again we find that the final quarters of each year present an even more depressing picture. In the last quarter of 1952 the liabilities of business failures amounted to $4,605,000; whereas in the last quarter of 1953 the liabilities amounted to $10,325,000, an increase of 125 per cent.

Since it is ten o'clock, Mr. Speaker, I beg leave to move the adjournment of the debate.

On motion of Mr. Cameron (Nanaimo) the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take third reading of the amendments to the Salaries Act. Then we shall continue this debate, and if it is concluded we shall call the four departments which we mentioned on Friday evening, standing them all. Then we shall proceed with second reading of the amendment to the Exports Credits Insurance Act and the resolution standing in the name of the Minister of Labour, and then the Criminal Code.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, February 23, 1954

The house met at 2.30 p.m.

HIGHWAY TRANSPORT

DECISION OF PRIVY COUNCIL—CONFERENCE OF PROVINCIAL MINISTERS

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I should like to make a short statement with respect to interprovincial and international highway transport.

In view of the decision of the privy council in the case of Winner *v.* S.M.T. (Eastern) Limited et al., it appears that an interprovincial or international undertaking within the meaning of section 92, head 10(a) of the British North America Act, is not subject to the provincial law relating to public carriers.

In our view it would not be in the public interest to have a divided jurisdiction, with the provincial boards controlling the traffic within the provinces, and a federal board controlling the traffic moving between the provinces or between a province and the United States, and for this amongst other reasons we are reluctant to enter this field and thereby bring about divided jurisdiction.

In view of this situation I propose to call a conference of provincial ministers having jurisdiction over highways to discuss the problems arising herein and to endeavour to find a common ground on the best way to regulate and control highway transport, whether intraprovincial, interprovincial or international.

Among ten provinces, all interested in the control of the traffic using their highways, there may be different views expressed on this subject. I am hopeful that a common understanding may be reached to the end that the provinces will be able to regulate and control all motor transport using provincial highways.

Mr. Green: May I ask the minister a question. I take it that it is the hope of the government that the board of transport commissioners will not be called upon to exercise any jurisdiction over highways, and that no other dominion government body will be called upon to exercise such jurisdiction either.

Mr. Chevrier: The statement has been carefully prepared and speaks for itself. I would not like either to add to or subtract from it.

EXTERNAL AFFAIRS

REPRESENTATION AT GENEVA CONFERENCE ON KOREA AND INDO-CHINA

Hon. Brooke Claxton (Acting Secretary of State for External Affairs): Mr. Speaker, yesterday the hon. member for Prince Albert (Mr. Diefenbaker) asked a question concerning the proposed Korean political conference to be held in Geneva on April 26. I should add to what I said yesterday that during the Berlin conference we were kept informed of the progress of the talks and the proposals being put forward by the western powers. Further, as nationalist China was not one of the nations participating in the United Nations action in Korea, she was not present at the meeting in Washington to which I referred.

[*Later:*]

ALLEGED STATEMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, may I direct a question to the Acting Prime Minister. Is he now ready to answer the question which I asked yesterday and which he said he would accept as notice.

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, I understand that the Secretary of State for External Affairs (Mr. Pearson) will return to Ottawa tomorrow. I have not yet been able to get in touch with him to find out what he did say, and until then I cannot answer the question.

INTERNATIONAL LABOUR ORGANIZATION

APPOINTMENT OF HAROLD C. BANKS AS CANADIAN REPRESENTATIVE

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask a question, or questions, of the Acting Prime Minister, of which I have given notice. Since this matter involves the responsibilities of three departments of government it seemed proper to ask the questions of the Acting Prime Minister. However, there are several questions, and I shall be guided by his wishes as

to whether he would like me to read them all at once, or would prefer to answer them one at a time.

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, there are eight questions here, all referring to matters outside my own department. I would urge that my hon. friend place them on the order paper.

Mr. Drew: No, no.

Mr. Howe (Port Arthur): I do not see the urgency of the questions.

Mrs. Fairclough: I am quite willing to handle this in a manner that will be most convenient, but I cannot agree to put them on the order paper, because some urgency attaches to them. If Your Honour wishes to pass upon that, I shall be glad to read the questions at this time.

Mr. Speaker: Perhaps the hon. member would ask the first question, and then we would see about the urgency of it.

Mrs. Fairclough: In that regard I should like to ask the Acting Prime Minister if, following reports of court proceedings in Montreal, the Minister of Labour (Mr. Gregg) or his officials took steps to inform themselves regarding the background of Mr. Harold C. Banks, at the time of his appointment as Canadian representative—

Some hon. Members: Order.

Mr. Speaker: As there are eight questions, perhaps we should let the hon. member read the first one in full.

Mrs. Fairclough: And perhaps I had better start over again.

An hon. Member: Dispense.

Mrs. Fairclough: Following press reports of court proceedings in Montreal, did the Minister of Labour or his officials take steps to inform themselves regarding Mr. Harold C. Banks, at the time his appointment as Canadian representative to the conference at Geneva was approved?

Mr. Speaker: I would not wish to prejudge the other questions the hon. member said she wishes to ask; but if the others are in the same vein, in view of the fact that a question was asked by the same member yesterday, to which the Minister of Labour has attempted to reply, I would imagine that better satisfaction could be given to the hon. member if these questions were put on the order paper. I have no knowledge of my own in the matter but, like all other hon. members, I read the newspapers, and I understand that this gentleman has already gone to attend the conference. So whatever is being done now is not going to change the situation.

An hon. Member: He can be recalled.

Mr. Speaker: I imagine that if the questions are put on the order paper they could be answered properly. Of course the hon. member realizes my difficulty. According to our practice it is not required that an hon. member send notice to the Speaker concerning his questions. But I cannot judge as to the urgency or the nature of a question unless I have heard it.

As I say, in all fairness to all hon. members, I do not think a member should prepare a list of seven or eight questions to be asked when the orders of the day are called, especially when they relate to the same subject matter. It is not the spirit of the practice we now follow in connection with asking questions on the orders of the day. They should be short questions, and such as can be answered briefly. If they are long, and relate to the same subject matter, then they should be on the order paper.

Mrs. Fairclough: I quite understand the nature of the questions which should be asked. And I might say I am doing this in the most expeditious manner. I could have asked questions of each of the various ministers, which probably would have amounted to the same number of questions, but it seemed to me that because of the interlocking nature—

Some hon. Members: Order.

Mrs. Fairclough: —it was better to do it in this way. I would be glad—

Mr. Speaker: The hon. member is giving an excellent reason why these questions should be put on the order paper, namely, precisely the fact that several departments are concerned. The hon. member could not expect to ask these questions of the ministry and have each cabinet minister interested, without having the chance to consult with one another, answer these questions one after the other. My ruling would be that these questions should be put on the order paper.

Mrs. Fairclough: May I read one more question?

Some hon. Members: No.

Mr. Speaker: Order. Perhaps the hon. member will allow the hon. member for Broadview (Mr. Hees) to ask his question, and then ask another question. The house does not have to know that it is exactly one of these same questions.

Mr. Drew: There has been some measure of flexibility in this practice.

Mr. Stuart (Charlotte): Too much.

Some hon. Members: Too much.

Mr. Drew: I hear the comment from several points "too much", and I recognize that there are many who think that any discussion is too much. But I was going to point out to you, Mr. Speaker, that there is not only the question of the rather useful and helpful procedure that has been adopted but also the fact that urgency may be a matter of very great importance in a question of this kind. In this instance the questions are directed to the possibility that the Canadian government would disavow this man immediately, if the information in their possession were disclosed. I would ask you, Mr. Speaker, to reconsider the proposal that has been made, and, rather than have questions intervene, to permit this first question that is clear to be answered, because I know the question can be answered, and by the Acting Prime Minister (Mr. Howe).

Mr. Speaker: Order. I should like to refer hon. members to citation 297 of Beauchesne's third edition:

> A certain number of oral questions are permitted in practice by members, without notice, before the orders of the day are called; but these are merely allowed by courtesy in connection with the business of the house or with very urgent and important matters of public concern. They are always brief, no debate being permitted, and the replies are as concise as possible. The minister interrogated may reply at once or may direct that the usual notice be given. Such questions are governed by the same rules of order as questions of which notice has been given.

I realize the interest that the hon. member has in these questions; but in view of the practice that has always been followed, hon. members will be somewhat agreeable with what I say, that it is not the practice on orders of the day for one member to rise in his place and say: "I have eight questions to ask." There are several members who are anxious to ask questions of a similar nature. In their view their questions may be just as important as the eight questions the hon. member for Hamilton West wishes to ask of the ministry at this moment. That is why I suggested that the hon. member for Broadview ask his question, and then an hon. member of the C.C.F. party or of the Social Credit party may ask a question. Then the hon. member may get another try at some of these questions that she has. But I do not think it is normal practice for an hon. member to rise and say, "I have eight questions, and I want to monopolize the time for those eight questions until my answers are given." That is the position, and that is exactly the reason why I asked the hon. member to let other hon. members proceed with their questions, and perhaps later she may ask another question, and if the question is in order I am sure the cabinet ministers will be anxious to reply.

Hon. members will realize as well that it is my duty to decide whether the questions being asked are urgent. My judgment may not be a hundred per cent correct at all times, but that is the penalty which hon. members must pay at times for having a Speaker who is perhaps unable to render his decisions properly. That is my decision. I rule that the first question that I heard is of the type that could be put on the order paper; and I have advised the hon. member to do so.

[*Later:*]

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Would the Minister of Citizenship and Immigration care to advise the house if his department is going to admit Mr. Harold C. Banks, a United States citizen with a record of court convictions in Canada and the United States, into Canada when he returns from filling his present government appointment as representative of the Canadian people at the international labour organization conference in Geneva?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, there are two comments I have to make. First, I would repeat what you said a moment ago, that questions are for the purpose of eliciting information and not giving it. Second, if my hon. friend would like to wait for two or three days I may be able to answer his question.

Mr. E. D. Fulton (Kamloops): May I ask a supplementary question. Does the minister not know the record of Mr. Banks so that he could give us this information at the present time? Has the government given any thought to the matter?

Mr. Harris: I can only repeat what I said, that if these questions are put on the order paper or if I obtain reasonable notice of them I shall be in a position to answer.

Mr. Fulton: Are we to assume that the minister has not—

Some hon. Members: Order.

Mr. Fulton: Are we to assume from the minister's answer that he does not have the necessary information now?

Mr. Harris: Mr. Speaker, my hon. friend is very quick at assuming many things in this

house. He can assume anything he likes from my remarks but he cannot assume that he will not get an answer as quickly as I can possibly give it to him.

[*Later:*]

Mr. Hamilton: Can the Minister of Citizenship and Immigration tell the house whether he will be able to give an answer to my previous question before Mr. Banks has returned to Canada?

Mr. Fulton: Answer.

Mrs. Fairclough: I should like to direct a question to the Minister of Justice. Did the minister himself consider, or did his officials convey to the Minister of Labour, information regarding the court record of Mr. Harold C. Banks?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I must object to the hon. member's question on the ground that it was answered yesterday by the Minister of Labour.

Mr. Drew: It certainly was not.

Mr. Rowe: That is why it is being asked today.

LABOUR CONDITIONS

REQUEST FOR COMMENT ON STATEMENT OF ONTARIO MINISTER OF WELFARE

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Minister of Labour of which I have given him notice. My question is: Would the Minister of Labour care to comment on the statement of the Hon. William Goodfellow, minister of welfare in the Ontario government, as reported in the *Globe and Mail* this morning, as follows:

Full responsibility for able-bodied unemployed in Canada—

Mr. Speaker: Order. The purpose of asking questions on the orders of the day is not to supply information but to obtain information. The hon. member's question is based on a statement that was made elsewhere. He will kindly put his question.

Mr. Hees: Does the Minister of Labour agree with the minister of welfare in Ontario that the full responsibility for able-bodied unemployed in Canada should be accepted by the federal government as the major taxing authority in Canada and receiver of the greatest revenue?

Mr. Lesage: No urgency.

[Mr. Harris.]

Mr. Speaker: It is not even a question which could properly be placed on the order paper. The hon. member is asking the minister in effect if he shares the views of another minister in a different jurisdiction on a certain subject. I recall having read not very long ago that Mr. Speaker Black had a similar problem. It was in 1933, I think. It had to do with an opinion given, in the legislature of Ontario precisely. The question was asked by Mr. Heenan, and is reported at page 3805 of *Hansard* of April 7, 1933, as follows:

Mr. Heenan: This report states that the legislature is going to investigate and I want it to investigate the figures I gave on the floor of the House of Commons.

Mr. Speaker: The figures the hon. member gave are properly quoted in *Hansard*. This house has no control over the Ontario legislature as to what investigation it shall make.

The discussion then carries on in the same vein and the then Speaker went on to say:

I call the hon. member to order. I want the hon. member to understand that there is nothing personal in my remarks with regard to this matter but when the Speaker rises to address the house it is the duty of any hon. member to take his seat.

Then later on:

Mr. Heenan: On a question of privilege: Surely if I am misquoted in the press or in the legislature, I am entitled to make a correction.

That was denied by the Speaker of the day. We have no jurisdiction over what takes place in another legislature or over an opinion given by ministers who are autonomous in their own jurisdiction. I do not think that we ought to bring into this house matters which are foreign to our own jurisdiction. Perhaps I can take advantage of the question which has been asked by the hon. member for Broadview to say that matters pertaining to provincial legislatures should not be brought up in this house.

Mr. Hees: May I phrase my question in a slightly different way. The Minister of Labour has had considerable time to think this over. May I ask: Is it the opinion of the government that full responsibility for the able-bodied unemployed in Canada should be accepted by the federal government as the major taxing authority in Canada and the receiver of the greatest revenue? Is it the opinion of the government that that is so or is not so?

Mr. Speaker: Questions on matters of policy are being asked. Questions are asked of the government, "Is it government policy that this or that be done?" Hon. members know that inevitably the answer is that that is a question of government policy which will be announced in due course. I think it was

back in 1792 when the rule about this matter was being approved in the house of Lower Canada and it was definitely stated that questions of policy should not be asked of a minister. We have gone a long way since then. If the minister wishes to make any comment I have no objection.

Hon. Milton F. Gregg (Minister of Labour): The hon. member sent me a copy of his original question and the press clipping that has been discussed. As I am sure he knows, the topic referred to there is related to government policy. At the present I am unable to make a statement.

UNEMPLOYMENT INSURANCE

REPORTED ANNOUNCEMENT OF INCREASE IN BENEFITS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, is the Minister of Labour prepared to comment on Reginald Hardy's report that an increase in unemployment insurance benefits may be expected soon?

Hon. Milton F. Gregg (Minister of Labour): I think I answered that the other day in reply to a question asked by the hon. member for Hamilton West (Mrs. Fairclough). I stated that the Unemployment Insurance Act had been constantly under study this winter but no decision had been reached and I have made no recommendations to the government in regard to it.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CHANGE IN WEDGE CAP INSIGNIA

On the orders of the day:

Mr. J. H. Ferguson (Simcoe North): I should like to ask the Minister of National Defence if it was on his authority that the crown has been taken from the badge of the Royal Canadian Air Force and replaced with an eagle?

Hon. Brooke Claxton (Minister of National Defence): The badges of the R.C.A.F. are matters for the chief of air staff. In this case my recollection is that the cap badge worn by officers and warrant officers of the R.C.A.F. consisted of a crown and eagle. Up to recently other ranks have worn a different type of badge. For purposes of uniformity other ranks now wear on the wedge cap an eagle without the crown, which is worn only by officers and warrant officers.

Mr. Ferguson: In my opinion—

Mr. Speaker: Order. Standing order 40 reads:

> A member addressing the house, if called to order either by Mr. Speaker or on a point raised by another member, shall sit down while the point is being stated, after which he may explain.

As soon as the hon. member received a reply to his question he stood up again and began to speak, saying "in my opinion." Therefore I judged that he was not going to ask a supplementary question and I rose to call him to order. Notwithstanding the fact that the hon. member could have seen me standing up he carried on, putting on *Hansard* remarks which I could not hear because of the tumult in the house. I think having due respect to the rules the hon. member will not object if I direct *Hansard* to expunge from the record all the remarks he made from the moment I stood up and called him to order.

If the hon. member wishes to ask a supplementary question, he is entitled to do so, but he is not entitled to debate an answer which he has received.

Mr. Ferguson: Mr. Speaker, on a question of privilege, I contend that no minister of the crown has the right to remove the crown from our uniforms.

Some hon. Members: Order.

Mr. Ferguson: He has no right to do so.

Mr. Speaker: Order. I must inform the hon. member that the question he has stated is not one of privilege; it is one of debate, and he may debate the matter whenever the proper opportunity presents itself.

[*Later:*]

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I would like to ask the minister of defence if he is able yet to reply to the question asked a week ago Monday in the house relating to the subject raised today by the hon. member for Simcoe North (Mr. Ferguson).

Mr. Claxton: Mr. Speaker, I shall be glad to give the reply.

WHEAT

EQUALIZATION OF PRICES—INQUIRY AS TO RESCISSION OF ANNOUNCED POLICY

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I would like to direct a question to the Acting Prime Minister. Have representations been received from grain exporters in Vancouver urging the rescission of the policy announced on February 18 having as

its purpose the equalization of prices for wheat at its destination in the United Kingdom, and if so will the minister comment on these representations?

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, since the announcement of this policy no representations have been received from grain exporters. The only representation that has been received was from Mr. H. F. Martin, president of the grain workers union, local 333, referred to by the hon. member for Vancouver East (Mr. Winch) in the question he asked yesterday as reported at page 2302 of *Hansard*.

DUMPING

INQUIRY AS TO APPLICATION OF AMENDMENT TO ACT

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): I would like to direct a question to the Minister of National Revenue. Could the minister give us his reply to the question I asked yesterday concerning the application by his department of the amendment to the Customs Act?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am not prepared to give a reply immediately. The matter has been brought to the attention of the officials and as soon as the information is supplied to me I will pass it on to the hon. gentleman and to the house.

POST OFFICE

VANCOUVER—HIRING OF CASUAL LABOUR ON SATURDAYS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I would like to direct a question to the Postmaster General. Has there been any change in the plans which have been announced for the hiring of casual labour in the Vancouver post office on Saturdays after April 1?

Hon. Alcide Coté (Postmaster General): Mr. Speaker, I would like to thank the hon. member for calling my office this morning to inform me of the nature of this question, and also the hon. member for Vancouver South (Mr. Philpott), who called my office yesterday on the same subject. As I stated during the recent debate, I am considering this whole question and I hope to make a statement within the next day or two.

[Mr. Green.]

HOUSE OF COMMONS

MINISTER OF TRADE AND COMMERCE—RADIO QUIZ PROGRAM

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I would like to direct a question to the Acting Prime Minister. I see by the press that the minister has been justifiably annoyed by a rash of impersonal calls—

Mr. Speaker: Order. The hon. member will not be surprised if I treat him as I do other hon. members. He will have to ask his question and not read a statement.

Mr. Nickle: My question, sir, is this. Might not the annoyance caused the minister be quickly ended if some program listeners would send in as their answer "The career of C. D. Howe"?

Mr. Speaker: This question, of course, will not be taken notice of. Any other questions?

ROYAL CANADIAN MOUNTED POLICE

INQUIRY AS TO CHANGE IN OFFICIAL BADGE

On the orders of the day:

Mr. Rodney Adamson (York West): Mr. Speaker, I would like to direct a question to the Minister of Justice. Has the official badge of the Royal Canadian Mounted Police been changed recently? If so, what are the changes?

SALARIES ACT

AMENDMENT TO INCREASE SALARIES OF MINISTERS

Right Hon. C. D. Howe (Acting Prime Minister) moved the third reading of Bill No. 172, to amend the Salaries Act.

Mr. Speaker: Is it the pleasure of the house that this motion be agreed to?

Mr. Knowles: On division.

Motion agreed to and bill read the third time and passed.

SUPPLY

UNEMPLOYMENT—MOTION FOR EXAMINATION BY COMMITTEE ON INDUSTRIAL RELATIONS

The house resumed, from Monday, February 22, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Green, and the amendment to the amendment of Mr. Gillis.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, before we adjourned last night I was delving into the history of Canada and this house

with regard to unemployment and dealing with the situation in 1930 and 1931. Today I want to bring the matter a little further up to date.

Mr. Speaker: Will the hon. member for Nanaimo please resume his seat for a few moments so that hon. members who wish to converse with their colleagues may leave the house and do so in the lobbies provided for that purpose.

Mr. Cameron (Nanaimo): This afternoon I would like to bring the history of the discussion on unemployment up a little closer to our own time and quote from some of the proceedings in this house relating to the year 1935. At that time our representatives here in parliament were having a debate on unemployment and the leader of the opposition of that day, Mr. William Lyon Mackenzie King, was speaking on the state of affairs in Canada as the result of five years of Conservative administration. He told us in this speech, as reported at page 59 of *Hansard* of 1935, that there were at that time over one million people on direct relief. He added that the total was not as great as it had been two years previously when 1,240,000 were unemployed, but that there were still over one million on relief, which was being paid from dominion, provincial and the other sources concerned.

I should like to remind hon. members that this was stated in the house after five years of Conservative administration, after five years in office by a government which had come into office on the promise that it would cure this problem of unemployment. But before our Liberal friends become too excited we will move on to 1936, when they were back in office again. In this connection I should like to quote from a speech delivered by my friend Mr. C. G. MacNeil, at that time the member for Vancouver North. He said then that in December last there were in Canada 1,206,429 persons in receipt of some form of relief. In February, 1935, there were 1,054,821, and in February, 1934, there were 1,154,822 persons receiving some form of relief. He suggested at that time that this number included some 400,000 wholly unemployed wage earners.

The point I wish to stress is this. I have no wish to throw stones at past administrations. I realize that those who were in charge of the government at that time were facing a situation which had no precedent in human history and that they grappled with it presumably to the best of their ability. In fact, it is to their credit, Mr. Speaker, that they apparently took the symptoms and signs of economic decay much more seriously than their counterpart of the present day.

Of course, Mr. Speaker, we must remember that at that time we did not have in the seats of office the intellectual giants we have today. But even such minor political figures as the late Mr. Mackenzie King, the late Viscount Bennett and their colleagues—and they had a certain measure of political standing—were unable to do anything about this problem, although at least they admitted that there was a problem. Today we have government spokesmen—and the leading one among them is the Acting Prime Minister (Mr. Howe)—refusing to admit that there is any serious situation at all in the country.

Last night I quoted some figures from Messrs. Dun and Bradstreet. This afternoon I should like to quote some figures from the dominion bureau of statistics. In fact, I would recommend these to the Acting Prime Minister as desirable reading at the present time. Here we have a table of commercial failures in Canada, showing the assets and liabilities for the third quarter of 1953, with comparisons with the third quarters of other years. These are extremely interesting figures because, by the comparisons they draw, they show us precisely what is happening in our economy. They go back as far as the year 1929. In the third quarter of that year the total liabilities of commercial failures had been $9,300,000. Then we move up to 1932, when we find that the situation had improved a little bit and that we had only $8,791,000. Then in 1939 when, of course, we were beginning to get into the war, when by the help of war expenditures we were rapidly coming out of the depression, we had failures amounting to only $3,789,000. Five years later, in 1944, just towards the end of the war, we had a mere three-quarters of a million dollars of liabilities in our commercial failures. But from that date on the figures got steadily worse. In 1947 the liabilities were $2,500,000; in 1948, they were $4,139,000; in 1950, $5,798,000; in 1951, $6,469,000; in 1952, $6,750,000; and in the third quarter of 1953, last year, $8,074,000.

I think we have here, without any doubt, plain evidence in front of us that there is something radically wrong with our economy, something that will not be cured by mere glad cries of optimism, and something that I think should be studied by all responsible people today, particularly those who are in the seats of office.

Proposed Committee on Unemployment

I have been particularly struck by the comments of the Acting Prime Minister because—and I say this in all sincerity—they come from a man of most outstanding ability.

Some hon. Members: Hear, hear.

Mr. Cameron (Nanaimo): Oh yes; you people opposite do well to pound your desks because, Mr. Speaker, there were a lot of mediocrities, nonentities and plain political knotheads who came into power on the coattails of the extremely able Acting Prime Minister. I am very much afraid that when he goes the way of all flesh, some of them will also go the way of all flesh. However, as I say, this optimistic spirit coming from a man of the capacity of the Acting Prime Minister gives one pause. If he were a stupid or an ignorant man or if he were a man with no experience, we could dismiss his statements with a shrug of the shoulders. But when we know what kind of man he is; when we know the job he did during the war when, as a result in no small measure of his vigour and his activities, and his ability to organize, we came out of the depression as revealed by the figures I have just quoted, I think we have the right to expect that now, when we are facing another serious problem, the right hon. gentleman will consent to apply his mind to that problem and to seek a solution for it rather than seek to persuade us that no problem exists. In fact, Mr. Speaker, when I hear the right hon. gentleman giving voice to these optimistic predictions, I am reminded of a famous gentleman of some years ago—some hon. members of my age will remember him; I refer to Dr. Coué—who was going to solve all our problems by the simple little formula of saying over and over again to himself and everybody around him, "Every day, in every way, things are getting better and better". Of course they did not get better. Dr. Coué flourished during the darkest days of the depression. Since then he has disappeared from view unless indeed, Mr. Speaker, we have now discovered what became of Dr. Coué, and find that he has become the Acting Prime Minister of Canada.

As I say, Mr. Speaker, when I see this man to whom Canada owes a most tremendous debt—and I hope he realizes I am saying this in all sincerity—I wonder why it is that we cannot call on him today to face this extremely serious problem that confronts us.

The other day when my colleague the hon. member for Dauphin (Mr. Zaplitny) was speaking, some comments were made from the right of us here with regard to the curtailment of wages or the fixing of wages. I have here today some figures to show that

[Mr. Cameron (Nanaimo).]

that perhaps is not the area in our economy that we should be worrying too much about and that perhaps we would be better advised to turn to some of the other areas in the economy. For instance, we might turn to the report presented to us by the superintendent of insurance for Canada, who gives us some very interesting information on page 7 of his preparatory index. He tells us that out of every $100 income of the life insurance companies, there was expended in disbursements under contracts, $36.88; for general expenses, $16.65; taxes, $1.52; other disbursements including dividends, $10.44, making a total of $65.49. There was left to be carried to reserves an amount of $35.51 out of every $100 collected.

As the superintendent of insurance also tells us, the total income of life insurance companies in Canada in the year 1951 was $839,500,000. We can assume that nearly $300 million was taken from the pockets of the Canadian people by the life insurance companies and placed in their reserves. I know, of course, that many people will say that these vast sums have to be invested in order to ensure the safety of the policyholders. I regret to say, however, that that is a complete delusion. Here we have to deal not with an ordinary type of business but really with what is after all merely a legalized form of gambling. Let us take one particular company which is reported at page 408 of the report of the superintendent of insurance. This particular company reports $19¼ million for premium income and investment income of $5,500,000. It also reports that its disbursements in insurance and annuity contracts amounted to $8¼ million. The interesting point about this is that, in spite of all its investments, this company is obliged to rely on its continuing stream of premium income in order to fulfil its obligations to its policyholders. Having done that, and having paid all its other costs of $7,110,000, it had a surplus of some $12 million. This is the point that I have been coming to.

In connection with this question of unemployment we cannot overlook the government's policy with regard to the investment of the surplus savings of the Canadian people. Here is a large pool of these savings which we are permitting to fall into the hands of a comparatively small group of corporations and over which, as we have seen only too painfully in recent weeks, the government has little or no control. All its efforts to induce investment of these funds in the areas in which the government considers they should be invested appear to be falling on deaf ears.

The figures that I have quoted are merely symptoms of the underlying disease of our

society which was plain to be seen in the 1930's and which was not cured by this government or its predecessors but was cured entirely by force of circumstances. It was cured because of the necessity of turning from our unplanned dog-eat-dog economy to a planned economy fixed on certain goals. I would point out that although it was popular to say throughout the debates from 1930 to 1935, as it is today, that the depressed condition of the world was the result of world-wide circumstances over which no government had any control, nevertheless the measures which were taken under the extremely capable and vigorous leadership of the Acting Prime Minister (Mr. Howe) were in final essence purely domestic measures completely within the competence of the government of Canada.

I would point out that, although vast quantities of materials were shipped abroad to Canada's allies, vast quantities of materials and machines of destruction were sent to our own forces in the field and large loans were made to our allies, in the final analysis the Canadian people paid for every cent of those expenditures and it was entirely the domestic measures that were taken which, incidental to helping to win the war, solved the economic problems of Canada of that day. These problems are now coming home again to us, and I think the Canadian people have the right to ask this government, which assumed power with such a fanfare of trumpets last August, what it proposes to do now in the present circumstances.

I must confess that I have been bitterly disappointed at the statements of government spokesmen in this regard, and particularly disappointed with statements of the Acting Prime Minister because, as I have said before, he is a man of outstanding capacity, vigour and attainments. The only conclusion I can come to is that perhaps the situation is like that of an old French woman I heard of once who, after peering out the window for six weeks at incessant rain, gave it as her considered opinion that ce bon Dieu was getting too old for His job. I wonder if we are perhaps in the same circumstances today and whether we have to have a complete change of administration before we can hope to have these problems tackled with the same vigour with which they were tackled in the 1930's.

Mr. A. J. Brooks (Royal): Mr. Speaker, it is not my intention to follow in any detail the arguments we have just heard from the hon. member for Nanaimo (Mr. Cameron). However, I should like to take exception to certain remarks he made at the beginning of his speech last night. The hon. member at that time was referring to the situation in 1929 and the fact that the government of the day had claimed that everything was very rosy and that there was then prosperity in the country. The hon. member for Nanaimo went on to say, as found at page 2343 of *Hansard*:

> Mr. Speaker, one might almost have imagined that the Acting Prime Minister (Mr. Howe) was speaking. Yes; and then, as my Conservative friend says, "came the deluge". But the deluge was in the form of a Conservative government, which arrived in 1930.

We have heard that statement made in varying forms over a long period of years. I am not surprised when I hear it made by some people outside the house, perhaps in back country districts where they have not had much opportunity to study history, but I must say that I am very much surprised to hear it made by a member of parliament, one of our so-called $10,000 a year men. I should like to call his attention to the fact that the deluge also came in the United States, and it came under the Republican government of Mr. Hoover, who I suppose is one of the greatest men produced in the United States in the last thirty-five or forty years.

I should now like to call my hon. friend's attention to the fact that in Great Britain in 1929 none other than Ramsay MacDonald, the Labour leader, headed the government of that country, and the deluge to which the hon. member referred as coming about in Canada under a Conservative government happened to just as great an extent in Great Britain under Ramsay MacDonald, the Labour leader. I could go on and refer to France. I can come nearer home and refer to the situation that existed in Newfoundland, which at that time was not a part of Canada. We remember that the situation became so bad there that a commission of government was formed and the affairs of the country were conducted under a commission for quite a number of years.

These wisecracks, if I may call them that, and they are nothing more or less than cheap wisecracks to anyone who knows anything about the situation in Canada and other countries in the past twenty-five years, have no place today in arguments in the House of Commons. The fact of the matter is that from 1929 to 1940 almost no country in the world was in a position to repair its economic situation any better than we did in Canada. I think it is about time that that sort of argument was relegated to the past.

I wish to say a few words about the unemployment situation in Canada today. We have had a very interesting debate, although it is perhaps unfortunate that a debate of

this kind is necessary at the present time. There has been some disagreement as to the amount of unemployment in Canada. The labour leaders of the country claim that there are something like 530,000 out of work. The Minister of Labour (Mr. Gregg) states that the number is nearer 280,000 or 300,000. Be that as it may, I do not think this is the time to either exaggerate or minimize the situation in any way. I know something about conditions in my own province and the maritime provinces generally. Possibly I may be pardoned if I confine my remarks to that part of Canada particularly.

I should like to point out, because it is a known fact, that when a recession hits this country it always seems to strike the maritime provinces first and always seems to hit them the hardest. That there is in the maritimes a situation which is not good is not merely my opinion but that of some of the outstanding men in that part of the country. I should like to refer to the remarks made by Dr. Coady of St. Francis Xavier University when only a few weeks ago he was speaking to a convention of fishermen in the town of Amherst. He had this to say about conditions:

> Our present recession in the maritime provinces, amounting almost to a depression, is embarrassing and saddening.

That was Dr. Coady's opinion. And I might point out—although perhaps it is not necessary—that Dr. Coady is one of the outstanding economists and students of economics in this country. He is also one of the most practical economists in the Dominion of Canada.

I would also like to quote from an editorial which appeared in the Moncton *Times* a short time ago under the heading "Shocks to Economic Stability of New Brunswick." I am not going to quote the whole editorial. It speaks about the situation in general in our province, and concludes in this way:

> These shocks to the economic stability of New Brunswick are definitely a cause for serious concern. Indeed, the situation which has developed to adversely affect a growing number of the workers in this province clearly calls for immediate and direct intervention by the federal administration to activate any of the work projects claimed to be in readiness to counteract the trends towards a recession at the outset.

I shall not quote any further articles or newspaper editorials. What are these shocks to the economic stability of the maritime provinces, and to New Brunswick in particular? Well, I might point out first of all the textile industry in our province. Mention has already been made of this industry. In the textile mill in the town of Marysville, very near the city of Fredericton, the home of the Minister of Labour (Mr. Gregg), 550 men have been let out of employment. But that is not the worst feature. The factory itself has been closed down, and closed down permanently. This is a factory which has been operating in that part of the country for three-quarters of a century or more. This does not mean only that the people employed in the mill are being laid off; it means that this industry, around which the town has been built and the whole life of the community developed, is now out of business. Not only are the men who worked in the factory affected, but also it has affected the merchants, the businessmen, the taxi men—all these people. And you must add to the 550 in the town of Marysville who are out of employment all these others who depend indirectly upon the factory for their work.

These people have been trained to do a definite kind of work. They cannot very easily go out and find employment in other jobs, because they are textile workers. Their fathers before them were textile workers. Their grandfathers were textile workers. Their children are textile workers. Through the generations all these people have been working in this industry, and when the industry is closed down it means far more than would appear on the surface.

Not only is the town of Marysville affected, but the town of Milltown and other large textile centres are suffering similar difficulties. I do not know whether the mill at Milltown is going to close down or not, but I do know that in the last few months 690 employees have been laid off.

Another large lay-off we have had in the maritime provinces has been in our railways, and this affects more than the maritime provinces. I know my own province and the town of Moncton perhaps better than I know the rest of the area affected, and I can tell the house that 240 men have been laid off in the last few weeks. Moncton is the Canadian National Railways centre; and I am informed that at McAdam, the Canadian Pacific Railway centre, a similar number have been discharged from employment. I am told that in Moncton alone the loss of employment suffered by these 240 to whom I have referred means a loss in payroll amounting to $600,000 in that community. One can readily understand what that means to the economic life of a city of moderate size.

We might very well ask ourselves the reason for this decline in work on our railways. Well, I have my own opinion, and it is that at least one reason is the lack of freight being shipped overseas and entering from overseas. As we know, almost 60 per cent of our trade in recent years has been with the United States. This means that the

railway companies are not receiving the amount of freight they otherwise would have. Of necessity our freight is moving north and south instead of east and west. The economy of this country was built up for trade to move from the centre of the country to the Pacific and Atlantic ports. Our great ports of Vancouver, Montreal, Quebec, Halifax and Saint John were all built on an economy under which they would be fed by the east-west railways, and on the understanding that our trade would flow overseas.

In the last few years, owing perhaps to the fact that we could not get overseas trade, our trade has been flowing north and south more than it is east and west. The Moncton *Times* of January 30 had this to say about car loadings in Canada:

> In the period from July 1 to December 31, 1953, revenue loadings were consistently below the comparable months of 1952, December recording a particularly marked drop of 13 per cent. It was the lowest figure to be registered in that month since 1949. Taking the entire year 1953 the total tonnage moved reached 119,343,000 tons, a drop of 6 million tons or 4¾ per cent from the 1952 total movement.

As I say, that is the reason that these men are out of work in Moncton and McAdam, and other railway centres across Canada.

The port of Saint John has found it a very dull winter. I heard the Minister of Trade and Commerce (Mr. Howe) make reference yesterday to trade in the city of Vancouver. It appears that this year most of our wheat has been shipped through that port instead of through Atlantic ports. This is just one reason, of course; but it is one reason why the situation has been bad at Saint John and Halifax. Mr. J. G. Farquahar, special representative of the Canadian international trade fair, made a report a short time ago which appeared in a recent issue of the *Loyalist*, a paper published in Saint John. The article is headed:

> Heavy business loss for port; cargo drops 464,000 tons.

It refers to the port of Saint John. The article goes on to say:

> While 1953 showed an encouraging increase of some 50,000 tons in imports, and grain exports increased materially, the exportation of general cargo declined 464,000 tons, or about 35 per cent.

Then he makes reference to the discontinuance of the Marshall plan, which really does not have much to do with the subject, so far as the port of Saint John is concerned. But the fact of the matter is that the import and export of goods through the port of Saint John had declined to the extent of some 35 per cent which, as I am sure everyone will agree, is a very high percentage.

I could also speak about lumbering and pit props and the loss to these industries in New Brunswick. I have spoken of it in the house before, and our party has spoken of it a number of times. We have pointed out that because of the lack of convertibility of sterling it has been almost impossible for us to sell our lumber and pit prop products in Great Britain. This also means a great loss in employment as far as our particular section of the country is concerned.

When he was speaking the other day, the hon. member for Charlotte (Mr. Stuart) mentioned the fishing industry, and I shall not deal with it this afternoon. The mining industry in the maritimes was dealt with fully by the hon. member for Cape Breton South (Mr. Gillis). That is more or less the picture of the maritime provinces, and particularly of my own province of New Brunswick. I do not wish to paint too black a picture. I realize that there has been seasonal unemployment in our province and in our section nearly every year, but I do wish to point out that at the present time it has reached a stage that is not seasonal, and something must be done to correct the situation.

What happens when our people become unemployed? We have had unemployment during the very best times. We have had good times in Canada since the last war, but many of our people had to go to Ontario, to Quebec and to other parts of Canada to obtain employment. They have two alternatives: one is to migrate to some other part of the country and the other is to join the army.

Only last Sunday as I was walking up Elgin street I met a young man in uniform. I did not know him, but he knew me. He had been in my basic training centre in Fredericton during the war, he said. He came from Moncton. He was in uniform and on his way to Petawawa. I asked him when he joined up. He said: "I have lost my job with the Canadian National Railways in Moncton and I and four other boys are going through to Petawawa to join the army." He was a young married man, 35 years old, with two children. He told me that besides working on the railway he had spent three years before that as an apprentice with the railway. That man has had to give up practically his life's work. Now he has joined the army and gone to Petawawa. These are just natural results of the situation that I have outlined.

What does the Minister of Labour (Mr. Gregg) say with reference to unemployment and the government's responsibility? Well, I shall quote one paragraph which is to be found at page 2089 of *Hansard* of February 15:

> The provinces have responsibilities to help guard their people against hardship. I for one have no

reason to believe other than that the provinces are effectively helping this winter if and where they find it necessary.

I agree that the provinces have some responsibilities. There is no question about that. But these instances of unemployment in the country that I have mentioned are all due to the policies of the federal government and not in any way due to any action of the provincial government. I contend that the full responsibility for the unemployment in the country at the present time is the federal government's. It is all very well to say that the provincial governments have responsibility. The people who are living in the provinces cannot get away, and the provinces must of necessity help in some way. So far as the basic responsibility is concerned, I contend it is entirely the federal government's.

Let us take Marysville, a mill town. So far as the provincial government is concerned, it has no responsibility there for what has happened. I know that the provincial government, probably in co-operation with the Minister of Labour, is doing all it can. It is trying to encourage some other industry to come to that town. I am afraid the provincial government will have a difficult time in that regard. I would say the Department of Defence Production has a responsibility there. I have said this time and time again. At Marysville we have a factory that employed some 550 men. We are putting out hundreds of millions of dollars for defence production in this country. If some private concern does not take over the operation of some industry in that town, here is an opportunity for the federal government to do some work there in connection with defence production. The town has the men; it has the mill; and the federal government owes it to our province.

The last issue of the defence production report that I read showed that out of millions spent in this country on defence production only $50,000 was spent in New Brunswick and nearly half of that went to the Swift Company of Moncton for meat which is brought in from other parts of Canada. This matter should be thoroughly investigated. There is a great responsibility on the federal government which they could and should assume. I am also satisfied that the local government can and will do all that is within its power.

I now come to the amendment of the opposition, and I should like to read the last paragraph:

> Now, therefore, be it resolved that this house is of the opinion that a select committee should be appointed immediately for the purpose of examining into and reporting upon the actual unemployment situation throughout Canada and for the purpose of making recommendations to this house as to short-term and long-term methods for dealing effectively with this problem.

I might point out that when he spoke the other day the minister said that we have unemployment insurance. We had unemployment insurance before this mass unemployment occurred. The minister also mentioned family allowances and old age pensions. We had family allowances and old age pensions when there was a hundred per cent employment in this country. As far as old age pensions are concerned, they have nothing to do with employment. They are paid only to people 70 years of age and over, people who are not in the unemployment ranks at all.

Let me take our amendment, which I consider is divided into three parts. First, it has to do with the unemployment situation and the number of unemployed in the country. As I said, there has been considerable doubt as to the number. The minister's department contends that it is around 300,000. The heads of the labour unions claim that it is over 500,000, and we have had figures even higher than that. A committee such as is recommended by our amendment would find out definitely what the unemployment situation is in this country. I think that is the first thing that should be found out. We want to get the facts. We do not want to see the situation exaggerated, and certainly by no means do we want to see it minimized.

The second recommendation in the amendment is that there should be some short-term method of looking after unemployment. That seems to me to be a recommendation that we more or less speed up certain public works programs in order to look after the situation at the present time. There are possibly men and women who are hungry today, a situation which should not be allowed to continue. The short-term method which is recommended would be something that could be put into force at once, so that in these times, when there is plenty in this country, there would be no one going hungry.

The third recommendation is that a long-term method be adopted. I think that this is the most important. We should do something in order to see that this condition does not recur to any great extent. There are a great many people in this country who think there should not be any unemployment at all. We are a great rich country; we have everything in abundance. If proper steps are taken there is no reason why there should not be employment for every man or woman who wants employment in this dominion of Canada.

We are considered, and rightly so, to be the most fortunate people in the world today. I would point out that Canada was not

devastated in any way during the last war. European countries and countries in other parts of the world were devastated. People lost their homes, cities were destroyed and factories were ruined. When the war was over it was impossible for those countries to carry on manufacturing or other normal pursuits. We had none of that in this country. In addition there was a ready market for practically everything that we could manufacture after the war.

Today the situation is changing. Those countries which were devastated during the war have now built up their factories, and their people are back to work. They are producing in competition with our Canadian people. Our trouble seems to be that our economy has been carried on in such a way that we cannot compete with these people who have built up their factories and gone back to work. Today they are taking overseas markets from us which in the past were so necessary to our economy.

So I say that the third part of this amendment moved by the opposition is the most important. It may be that we have been carrying on the wrong type of businesses in this country. I do not know whether all of them should be continued. It may be that we should concentrate mostly on manufacturing the great raw materials which we have within our borders. These are all things that could be studied by a committee.

I have pointed out before that it is not right for us to concentrate most of our industry in the central parts of this country. There should be a policy of decentralization so that people in the maritimes and in western Canada would have an opportunity to get employment without having to leave their homes and go to other parts of the country. It may be that our channels of trade are changing, that instead of moving across the country from the east and west, as the economy of this country was set up, they are moving north and south. We have lost those overseas markets which were so precious to us in the past. We have been concentrating on one market, a market which I am sorry to say could be closed against us at any time at the whim or pleasure of the people with whom we trade. Then there is the matter of tariffs. I am not an authority on tariffs and I do not intend to discuss them at this time.

I was quite impressed by the remarks of the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher) the other day when he spoke of taxes and wondered if we were not taxing ourselves, not only out of the foreign market but also out of the domestic markets. Foreign countries are able to produce much more cheaply than we can here in Canada. The hon. member claimed, and I think rightly, that taxes are so heavy today in this country that the individual cannot buy the goods manufactured in his own country. The taxes paid by the manufacturer are so high that he cannot compete with manufacturers in countries like Japan and Germany and numerous others in other parts of the world.

I think there is a lot in that argument. All these things could and should be studied by the committee which our party has recommended should be set up. We may be told that this is a function which the cabinet should perform. I am not going to discredit the cabinet, nor do I agree with the hon. member for Halifax or the hon. member for Cape Breton South (Mr. Gillis), that the ministers are as capable as they say they are. I am no hero worshipper, when it comes to this cabinet. I agree that it contains some able men, but I am inclined to agree also with the hon. member for Vancouver-Kingsway (Mr. MacInnis) when he says that most of them are just run of the mine. I have sat across from them here for 18 or 19 years. Some of them are indeed able men and the service they have given to this country is incalculable. As the hon. member for Vancouver-Kingsway says, the majority of them could be replaced by the backbenchers at any time and from most any place in the house. Not from the C.C.F., as was suggested by an hon. member who spoke; but I think I could go to any cross-section of this house and pick just as good men, yes, dozens of them, as sit in the cabinet today.

Mr. McIvor: You are a good picker.

Mr. Brooks: Yes, I would be a good picker. We know that geography plays a great part in the selection of the cabinet. We know that you do not get the best men when you are confined to certain sections of the country. Religion, race and all these things come into the picture. I am not questioning the system, as I think probably it is the most proper and the best system, but you certainly do not get the best man.

This is not what I intended to say. What I started out to say was that it may be claimed that this work suggested by the amendment is the prerogative of the government. If our government were made up entirely of men who were thoroughly acquainted with business, that might be true. As an hon. member who spoke the other day said, if you took their staffs away from them most of them would be lost. But the civil servants are not specialists as far as business

is concerned. They are good men as far as assisting in administration is concerned, but if we had a committee as suggested in the amendment we could call in businessmen, we could call in heads of labour, we could call in the heads of banks—most of them come from the maritime provinces—and the heads of our transportation systems. Surely with a group of men of that kind we would get the best advice it was possible to get.

I am one of those who believe that Canada is passing through an economic change. Years ago we had what was known as a national policy, and it may be that we need another national policy in Canada today. I believe the best way it can be done is by getting the best brains of this country together, such as the heads of businesses, and discussing this matter and outlining the path to the future.

In conclusion, Mr. Speaker, I just wish to add that I am entirely in accord with the amendment which has been moved by the official opposition and I intend to support it.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise mainly to challenge the government to take at least one step in connection with this matter right away. When I say "right away" I mean that the government might well hold a cabinet meeting yet today, or certainly before the house meets tomorrow, with a view to bringing in a bill to amend the Unemployment Insurance Act.

That has already been suggested by delegations which have waited upon the government, and it has been suggested a number of times during the course of this debate that the time has come for the benefit rates paid under the Unemployment Insurance Act to be increased, and for the length of time for which unemployment insurance benefits can be paid to be extended.

I remind the government that on a former occasion, when the unemployment situation was regarded as serious, even though the number of unemployed was not as great as it is today, action of this kind was taken in a commendably short period of time by the government on the other side of the house. I refer to the situation in the winter of 1949-50. Hon. members will recall that at that time the unemployment figures were worse than they had been at any time following the end of world war II. We came down here for the 1950 session of parliament on the 16th of February. In the speech from the throne which was read at the opening of that session on February 16, 1950, as reported at page 2 of *Hansard* for that date, a bill to amend the Unemployment Insurance Act, to widen the scope and extend the benefits of unemployment insurance, was forecast. The then minister of labour, the late Hon. Humphrey Mitchell, was away from the house because of illness and the Minister of National Health and Welfare (Mr. Martin) was the acting minister of labour. I am sure he will recall, no doubt with pride, that it was only eight days from the time of that announcement on February 16, 1950, until the bill amending the Unemployment Insurance Act, and extending its scope, had been given third reading by this house. That third reading was given on the 24th of February, 1950. Incidentally, it did not take very long for the other place to pass the bill. They can pass bills they regard as urgent in record time, as we well know. Indeed, royal assent had been given to that bill on February 28.

Let me summarize that schedule once again. We met on February 16. On that day there was an announcement that something was going to be done about unemployment insurance, and within 12 days the amending bill was law.

In this instance, the situation is far worse. On that occasion the Minister of National Health and Welfare, as acting minister of labour, gave on page 157 of *Hansard* for February 23, 1950, the number who were looking for employment as 375,600. The comparable figure today, according to the Minister of Labour, is over 500,000. On that occasion that action was taken, as I say, in a total time of 12 days from the day when the house met until the bill amending the Unemployment Insurance Act became law.

Mr. Dickey: Hear, hear.

Mr. Knowles: The hon. member for Halifax (Mr. Dickey) says, "hear, hear". I knew they would be proud on that side of the house to have this reminder of the speed with which they acted on that occasion. But what has gone wrong with the hon. member for Halifax and the rest of the people on that side of the house? On this occasion when the situation is considerably worse nothing is being done. It is in fact 15 days since I first asked the Minister of Labour (Mr. Gregg) a question similar to the one I asked today as to whether consideration was being given to increasing the benefits payable under the Unemployment Insurance Act. The Minister of Labour gave me on February 8 the same answer which he gave to the hon. member for Hamilton West (Mrs. Fairclough) last Friday, and which he gave me again today, namely that this matter is being studied continuously by the officials of the unemployment insurance commission.

I submit, Mr. Speaker, that if they are studying the situation, if they remember the

speed with which action was taken by parliament in 1950, and if they realize that the situation is much more serious today than it was then, surely the logical conclusion of that study and that understanding should be the immediate introduction of a bill to amend the Unemployment Insurance Act.

I do not know on which day of the week the cabinet meets, though I believe they meet more than once a week, but certainly it would not be difficult for ministers to get together so that they can discuss this matter and as a result bring a bill in this week to amend the Unemployment Insurance Act so as to increase the benefits to be paid under the provisions of that act.

I contend also that where the recipients of unemployment insurance benefits have exhausted the benefits to which they are entitled under the act those benefits should be continued. I agree with the contention made by the labour congresses that that payment, pending an actuarial adjustment, might well be made out of the consolidated revenue fund, and if it is necessary to do so the government could provide for that in a legislative way by putting an item in the supplementary estimates.

This government knows that where there is a will there is a way and if they want to do it there is no problem. They can do it fast, and I do mean fast, when they want to. I would again remind hon. members that once a matter has been taken care of in this house it does not take very long for the other place to deal with it. We had that drawn to our attention recently.

Now, Mr. Speaker, I have stressed this recommendation fully conscious of the fact that unemployment insurance is not a solution to the unemployment problem. It is only one of the ways of preventing further economic distress, to which reference was made in the subamendment moved on behalf of this group by the hon. member for Cape Breton South (Mr. Gillis). It does seem to me that this is the kind of specific step that could be taken immediately and I would submit to the government that there is no excuse for failing to take that step right away.

As the house is aware, the Minister of Labour has answered questions on this subject on several occasions, and I referred to his answer a moment ago, namely that the matter is continually under study. Nevertheless, I was interested in an article by Reginald Hardy which appeared in last Saturday's issue of the Ottawa *Citizen* and in an issue of the same date of the Winnipeg *Tribune* in which he forecast that a change of this kind might come soon. Whether Mr. Hardy knows what is in the mind of the government, it is not of course for me to say, but I was glad to note in that article the author's satisfaction over the fact that the government was not going to yield to the pressure which is sometimes put upon it by the Canadian Manufacturers Association to reduce the amount of the daily payment by employers and employees into the unemployment insurance fund. That is one suggestion which is sometimes made by the employers when they come to face with the fact that the unemployment insurance fund now contains a sum of well over $900 million.

It seems to me quite clear that the size of that fund makes it evident that it is actuarially out of line with the actual experience that we have had and that the time has come to make the appropriate changes so that the people who have been paying for that insurance will get the protection for which they have paid. The purpose of an unemployment insurance fund is not to arrange so that the people of one generation will build up a fund to take care of unemployment in the next generation. Those who pay the premiums in an insurance fund should get the benefit. I submit that the time has come for this present generation of workers to get the benefit of the huge fund that has been built up. As I said when I rose, I call upon this government to hold a cabinet meeting right away, to take this matter seriously, and without further delay to bring in a bill amending the Unemployment Insurance Act.

There are two or three other things I wish to say while I am on my feet. We feel that the government is not appreciating the full seriousness of the unemployment situation. Indeed, in our view, even the best construction that is put upon it by the government leaves it in an unsatisfactory situation. The Minister of Trade and Commerce (Mr. Howe) tells us that if we will wait until the end of the year we shall be able to look back and see that 1954 was just as good a year as was 1953. I do not know what aspect of the two years the minister has in mind but I imagine he is thinking in terms of total production. May I say this to the minister and to the members on the government side. If at the end of 1954 the gross national product in this country is no more than it was in 1953, and if all that can be said is that it was just as good as it was in 1953, then unemployment will have been a definite reality. The technological progress that goes along from year to year creates unemployment unless we take advantage of that technological progress by increasing the total volume of the goods and services that we produce. That is the way it should be. In the past number of years that increase in the gross

national product from year to year has been of the order of about 4 per cent. In other words, we have to increase our total production by about 4 per cent a year in order to hold our own in terms of employment figures. Hence, taking the government's picture at its best, the situation is a serious one. In our view the statements made by the Minister of Trade and Commerce and by others reflect the government's failure to realize how serious it is.

Another way to look at this problem in order to realize how serious it is is to face the fact that, following the end of world war II, the unemployment figures in each of the winters 1946-47, 1947-48, 1948-49 and 1949-50 got worse.

Mr. Howe (Port Arthur): The hon. member made this speech in each one of those years, did he not?

Mr. Knowles: Yes. The tragedy is that the government leaves it necessary for the speech to continue to be made.

Mr. Howe (Port Arthur): The hon. member is making it anyway.

Mr. Knowles: I should think the minister would be glad to obviate the necessity for making it, and I wish he would do so.

Mr. Martin: Do you know of any man in this country who has ever done as much—

Mr. Knowles: The people over there on the opposite side are so delighted with the fact—

Mr. Martin: Does my hon. friend know of any man in Canada who has done as much to provide employment as has the Minister of Trade and Commerce?

Mr. Knowles: I have the greatest of respect for the Minister of Trade and Commerce, who is now Acting Prime Minister. It is because we have respect for his capacity to get things done that we continue to make this appeal to the government now under the direction of the Acting Prime Minister, in the hope that he will yet do something about it, as he can, as the Minister of National Health and Welfare (Mr. Martin) has just testified.

If I may, I should like to get back to these figures which the Minister of Trade and Commerce says I have referred to every year. May I draw his attention again to the fact that in each of the years between world war II and the outbreak of the war in Korea, the unemployment figures were worse than they were the winter before. The outbreak of the war in Korea checked that rise from winter to winter. But surely it should give the government cause for concern to find that now, when the situation in Korea has cleared up, the very first winter after that war is over we start off with unemployment figures which are worse than they were in the winter just before the Korean war. Do the Minister of Trade and Commerce and the Minister of National Health and Welfare not see the ominous picture that arises from that fact? Unless something is done, it means that the next winter and the winter after that will be even worse and we will be right in the midst of the serious situation to which the government is trying to blind itself.

I know that the ministers over there on the opposite side do not like this kind of talk. They deprecate it in every possible way. They and others in the house as well as people outside the house do not like the use of the word "recession" or the word "depression"; but in my view the hon. member for Dauphin (Mr. Zaplitny) was perfectly correct last night when he pointed out that this is not another recession or another depression but that we are still in the same economic condition that started in 1929. It has been relieved for a few years by world war II, by the cold war and by the war in Korea, but the basic economic problems facing the Canadian economy are still with us. Until we are prepared to tackle the necessity of producing the things that people need for peaceful living in the same way as the Minister of Trade and Commerce, as minister of munitions and supply, was prepared to tackle the job of producing the necessities of war, we shall continue to have these economic dislocations which mean unemployment for hundreds of thousands of people and economic distress for a great many of our people.

I submit, Mr. Speaker, that the seriousness of this situation calls for more than the type of interruptions that we get from across the way and for more than speeches from the government side with regard to which set of figures is correct. I submit that it calls for real action along the lines that have been suggested from this side of the house. The one specific point on which I have urged action this week is not the whole solution to the problem by any means, but it would be one step towards relieving economic distress and it would give the country an indication that the government means business. I hope that some action along that line will be taken with the least possible delay. My main purpose in rising, Mr. Speaker, was to remind the government of the speed with which action was taken in 1950 and to call for an amendment to the Unemployment Insurance Act to be presented to this house by the government this week.

Mr. A. H. Hollingworth (York Centre): Mr. Speaker, Canada is a vibrant, buoyant, young, industrial giant with a bright destiny

which no other country in the world can approach. I therefore respectfully suggest that we consider the economic problems and the present economic situation with the maturity and the confidence that we have shown in the last decade. Canadians of all people should not be harbingers of gloom or purveyors of lamentation and woe.

The all-important point to note here is that the Canadian economy is basically sound and that the conditions which were conducive to the depression in the thirties are not prevalent today. This point, Mr. Speaker, I shall endeavour to amplify in a few moments.

The dominion bureau of statistics cites the unemployment figure for January, 1954, at 280,000, which exceeds the figure for January, 1953, by 93,000. At the outset I should point out that this is the figure we should take rather than the 524,000 figure of the national employment service because this latter figure includes many thousands who are looking for better jobs and so on.

I know this has been cited and sufficiently explained by other government speakers, but I feel this point should be reiterated because of the glib manner in which the opposition quite deliberately twist figures to suit their own advantage. I think to understand the economic situation today it is pertinent to discuss the expansion of Canada thoroughly from the end of the second world war to the present. The Canadian economy had expanded at a prodigious rate from the early forties. In 1945 we were faced with various inflationary tendencies which were controlled by farsighted fiscal, monetary and economic policies. The most striking post-war development was the discovery and development of important new natural resources, oil in Alberta and Saskatchewan, iron ore in Labrador and Quebec, uranium in northern Saskatchewan and the Northwest Territories, and now natural gas in Alberta and base metals in New Brunswick.

These discoveries resulted in an upsurge in the demand for and production of capital goods and capital investment. For example, between 1946 and 1951 $13 billion was invested in capital goods and equipment, but in 1952 alone the investment was $5½ billion. The part of our total production going into capital investment averaged 20 per cent, a very high rate indeed. This had very definite inflationary tendencies and implications.

Then again there was the huge backlog of consumer demand built up over the war years and later the Korean war when defence goods competed with consumer goods, creating an additional strain on our economy. These inflationary tendencies were successfully combated by the following measures:

1. Fiscal and tax measures—for example, increasing the interest rates to discourage borrowing, and higher taxes to cut down on the consumption of consumer goods, particularly the so-called luxury goods.

2. Monetary and credit restraints—for example, the inception of consumer credit controls.

3. Restraints on capital investment—for example, the deferred depreciation on capital goods allowable for taxation purposes except for the production of defence goods and equipment and the development of basic natural resources.

4. Encouragement to thrift companies for an increased volume of savings and encouragement to maximum production by business of the things needed most.

5. Government withdrawal of its official rates on foreign exchange and its allowing the Canadian dollar to seek its own level in response to the normal forces of supply and demand in the current market, which had as one result the lowering of the cost of imports.

This whole policy was predicated on these basic assumptions. The first was that the so-called cold war was more than temporary. Second, the Canadian economy was to be as free as possible; and third, foreign trade, while not now as important as domestic trade relatively, was still a cardinal tenet of government and Canadian economic policy.

My submission, Mr. Speaker, is that if, as has often been said, the government cannot take credit for the tremendous expansion after the war, nevertheless I feel it is fair to say that it has assisted to a great extent by its far-reaching fiscal and economic policies. We have heard a great deal about the loss of export markets and I should like to make a few observations in this field. I believe that there is one thing that is not understood fully by the Canadian people and that is that the export market is declining in relative importance to the domestic Canadian market.

In 1928 exports constituted 22 per cent of our gross national product; in 1951, 18 per cent; and in 1953, 17 per cent. In real terms, in the twenty-three year period between 1928 and 1951 the domestic market has expanded at almost twice the rate of the foreign market —4½ per cent to 2½ per cent. The reasons are that Canada has been the fastest growing country in the world and that international trade seemed like a war casualty in being slow to recover.

Another important observation is that Canada has changed from an exporter of raw

materials and agricultural produce to an exporter of processed primary goods and manufactured consumer and capital goods. Manufactured goods constituted 52 per cent of our exports in 1945 and agriculture only 21 per cent, and the variation is even wider today. Forestry and mining processed goods, for example, newsprint and non-ferrous metals such as aluminum and nickel, are likewise supplanting agriculture in importance in the Canadian export field.

I should like to point out the important role played by aluminum in our economy. Canada exports four-fifths of the aluminum it produces, and the Kitimat plant built in British Columbia, because of the happy combination of cheap power and readily accessible ocean transportation, will play an increasingly important role in our economy, as will the development of natural gas in Alberta. There have been adverse comments about our unfavourable balance of trade in the last fiscal year, but that is not unexpected because of the lower prices of our staple products, more stringent import quotas imposed by dollar short countries, an increase of imports as a result of our higher standard of living, and because of the diversion of funds to capital goods and the release of the anti-inflationary deferred depreciation provision to which I referred above.

The Canadian economy has always fluctuated with respect to the balance of trade, but a sure sign of the continued confidence in the Canadian economy is the stability of the Canadian dollar on the world monetary markets. I do not want it believed that I do not think trade is important. On the contrary; but relatively speaking we are not as dependent on foreign markets as formerly. It has been the policy of the government to encourage trade between the countries, and that has been amply demonstrated by our allegiance to such organizations as the general agreement on tariffs and trade, GATT, that central institution for international trade relations. Tariffs have been reduced and fair trade practices have been established. I think all Canadians can be proud of the role that the government has played in this important organization.

I stated categorically earlier that there is no parallel in the conditions now with those of 1929, the year of the pre-depression boom. Speculative excesses have been absent from our economy and commodity prices have been moving slowly downward or are relatively stable. Business sentiment has been cautious. Business has not left itself open by overexpansion. Then there is the tremendous cumulative volume of purchasing power continually being put into the hands of the Canadian purchaser through family allowances and old age pensions. Again, there are the unemployment insurance payments.

Recently we have had the new housing bill with its novel principle of the insured mortgage placing credit in the hands of the chartered banks which will expand the circulation of money. Finally, there is the realization among Canadians that we shall not tolerate conditions as in the thirties. Depressions are not acts of God. They are man-made, and I sincerely believe that we have learned enough economics since the thirties not only to arrest but to forestall such a calamity.

There are some I know who have a depression psychosis. I sometimes believe that some of my friends in the C.C.F., while certainly not hoping for a depression, are the residuary legatees of the gloom-mongers of the thirties. As I understand it, the Progressive Conservative party would turn over this problem to some committee; but it has always been my impression, with respect, that that party has never faced up to the economic facts of life. Any kind of planning to them is *ipso facto* bad, undemocratic and worse. They are always sniping at the moderate degree of public ownership in Canadian life, as witness the ill-conceived attempts to fight Trans-Canada Air Lines, the world's best air line, and the C.B.C. which, with all its faults, is developing, as much as anything else in Canada, a truly Canadian culture.

I feel, in short, that without the sound government policy in fiscal matters which I have just related, inflation would have been a much more serious thing and might well have impeded the development of the Canadian economy. On the other hand, private enterprise has been encouraged and on the whole has done an excellent job in helping in the development of Canada. I think the government role is best set out in a speech by the Acting Prime Minister at Dalhousie University in 1948, when he said:

1. Canada is a free enterprise economy and the initiative for industrial expansion rests with private individuals and firms.

2. The government will endeavour, through its policies, to create a climate within which private initiative thrives and industrial expansion is encouraged.

3. The government will take the initiative and do what it can to co-ordinate the efforts of governmental, business and other interested groups in achieving full and effective utilization of industrial expansion in the interests of all citizens in the country.

4. If industrial expansion and economic development is hampered by the lack of initiative, the government, where the national interest demands, will take appropriate action.

In conclusion may I say that I do not think it matters too much whether the figures used are those supplied by the dominion bureau of statistics or by some other body. As has been demonstrated in the house, the important thing is that we are all concerned about people being out of work. I am sure every member is greatly concerned about this matter of unemployment.

Sometimes when I hear speeches which leave the impression that the attitude of the government is indifferent or callous, I think they are most unfair, because every member in the house, regardless of party, is lending his best efforts to solve this problem. And my experience has been that, with a man like the Acting Prime Minister in charge of trade and commerce, the Canadian people will never have to worry, and we shall come through this thing with flying colours.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I rise to speak in this debate on unemployment by reason of the fact that this has been a problem in my constituency for several years. In that constituency the present situation is not seasonal. There is a large coal mining industry in the southern part of the constituency of Macleod and, by reason of circumstances, coal miners in that part of the country have been on short time for a number of years. They have been working one or two or, at the most, three days a week. In fact they are experiencing something in the nature of the hardships which were experienced in the hungry thirties. Therefore I wish to say a few words on this subject.

I do believe there is no use simply blaming governments, blaming individuals, or blaming this, that or the other for this condition. When all is said and done, and when we think the problem through to its ultimate conclusion, we will have to agree that basically it is a matter of policy, and we must decide whether the policy is right or wrong.

In order to do this, sometimes we have to review our thinking and make some adjustments in it. For instance, in a good many cases I find that some people presume that the chief purpose of industry is to give jobs to people, to give employment to the nation; and I believe we must adjust our thinking in that regard. The main purpose of industry is not to provide employment. The purpose of the coal mining industry is to produce coal. The purpose of agriculture is to produce the foodstuffs of the nation. The purpose of the factory is to produce goods. The purpose of the textile industry is to produce textiles. The purpose of the clothing industry is to produce clothes. The purpose of industry, therefore, is not to provide employment but to produce goods. Therefore it devolves upon the government to see that those goods are distributed, as a basic policy.

Another thing we must discover in our investigations is just how this condition of unemployment developed. How is it that many of our people are now unemployed? What is the reason? Have we come to a point where we have produced an adequate supply of goods for which there is no relative market? Must we reach that conclusion? I believe the Acting Prime Minister, who must be advised of this situation, should be able to tell us whether we have reached a point which, in general terms, might be described as overproduction. We in this corner of the house do not use that expression. Instead of saying that we have reached a point of overproduction, we say we have reached a point of underconsumption.

The Acting Prime Minister should be able to tell us whether a stockpiling of goods is now taking place in Canada, no matter what those goods may be. Is that the situation? I was informed the other day of a certain industry in Canada—I believe the hon. member for Red Deer (Mr. Shaw) referred to the same industry—which had produced to the point where it had a stockpile sufficient to supply the normal market requirements for the next five years, and as a result they had laid off their men. Some of these men had been with them for 18 or 20 years.

But that is the condition in only one industry. The Acting Prime Minister should know whether that is characteristic of industry generally in Canada. If it is, then the problem cannot be solved by putting these men back to work in the same industry, because that industry has reached its peak of production and has difficulty in finding markets. When we talk about markets we must think in terms of whether or not people have money with which to buy, because that is the only way we can have markets. There is no market where people have no money.

I have listened to the speeches made in this debate, many of which have been reasonably good. However, I have found something lacking in many of them. I have listened to a good deal of history and to the recitation of many figures. I have heard a lot of pulse feeling. We have heard diagnoses aplenty; we have heard about symptoms aplenty. But in reality we have not heard very much about an adequate remedy. I have listened to the speeches with a good deal of interest. If any remedies at all have been proposed

they have been only temporary, in the end amounting to nothing more or less than palliatives.

If the liver is sluggish—I can see a doctor looking at me—we take a pill. The pill can do the trick for a little while, but after the effects of the pill have worn off the liver is in the same condition as it was before; it is still sluggish. You can keep on giving pills as long as you like, but that will not make a new liver. We must have something more than palliatives.

I should like to make another diagnosis with respect to the speeches that have been made. I am not going to blame the government for everything. We have been suggesting for a good many years that there should be a reduction in taxes. It is a good suggestion to make, but let us be realistic as well. The government must have revenue, and I am not one to rise in my place and say that the government would not reduce taxes if it felt it could. We believe it can be done, but we also believe that under present financial policy the government is unable to do it.

We have heard a good deal about foreign trade and the loss of foreign markets, and that we must regain those foreign markets. Well, it is easy to say that, but when we ask how you are going to regain them, we find that that is another problem. As I look at the government I am quite willing to suggest that they are just as anxious as anyone else to find foreign markets, and if they could find foreign markets they certainly would.

Then we talk of other matters. Am I going to stand here in this house and believe that the government is so heartless that it would not do something about the matter of unemployment if it could? The problem is there. It is all very well to say that a solution must be found, but what solutions have we proposed? That is the big question.

I know that we want to get through by five o'clock, if we can. Whether or not we can is another matter. I was going to refer to a good many of the speeches that have been made and to read from *Hansard*, but I shall forgo that and say this. There is a solution to this problem. It could be solved in one of three ways. It could be solved by bringing in a state of extreme socialism. That will solve the unemployment problem; it will put everybody to work, if that is what we want.

I say once again that it is not up to industry to provide jobs. That is not the purpose of industry. We have to readjust our thinking when we consider this problem in those terms. Industry is there to provide goods, to do that job. Somebody over here says that industry is there to make profits. Well, it is all very well to say that. We go a little further than that and diagnose the situation at its roots.

I want to say this to you, Mr. Speaker. After industry has produced all the goods the nation requires, what should our position be? The worker should be able to go home; he should be able to lean back in his easy chair; he should be able to light his pipe and say well, now, we have surely done a good job. We have produced all of this nation's goods, and now the factory is going to close down; now we can rest for a while. He should be able to do that, but can he? No. And why not? Has industry failed to produce the goods? No; they have done a good job. But instead of that we find everyone running around, arguing and fighting and sending delegations, which of course under present policies they have to do, and working up a great frenzy over a problem that should be regarded as an achievement. We should be able to sit back and say we have produced so much; now, look at what we have achieved. My, we are a great country, we are a great people to be able to do that. No, that is not what we do. We fight among ourselves because our achievement has produced a terrible problem.

I go back and I say that if all we want is to solve the unemployment problem and put people to work, we can do that by bringing in a state of extreme socialism where the whole country becomes a machine and each and every individual in it becomes a cog in that machine. We can do it in that way if we want to. We may have a few barbed wire fences around; we may have a few guards there to watch us and see that we work, but that will solve the problem, if that is what we want.

There is a second way in which this problem can be solved, if all you want is to put men to work. The second way is to bring on a war. Well, now, nobody wants to do that; but a war will put every man to work. Believe me, it is a strange thing, and perhaps we should hang our heads in shame, that it takes a war to distribute the goods we produce. Sometimes it distributes them by destruction and death, nevertheless war is the great distributor.

You can have the extreme socialist state, which will put everybody to work; you can have war which will put everybody to work, but there is a third way to solve it, and that is an adjustment of financial policy that will provide enough money in the people's pockets to enable them to enjoy the vast production that has resulted from a good job done well. Yes, if you want to reduce the hours of labour, all well and good. If you want men

to work two, three, four or five days a week, all well and good if, as the hon. member for Lethbridge (Mr. Blackmore) said yesterday, you can provide them with incomes. But if incomes must come from a delinquent financial policy, from a financial system that is not self-liquidating, then we shall see times of booms and depressions, times of war and times of unemployment continually throughout future generations.

The problem can be solved in one of three ways, and I challenge anyone to say there is any other way to solve it, apart from these three. I will use the three. If you wish, first, sovietism, that will solve it, if all you want is employment. Second, slaughter; that will solve it, if that is what you want. Third, believe it or not, is a proper adjustment of financial policy which we in this corner of the house call Social Credit. It can be done. I am quite aware that the members of the government want to solve this problem. We talk about old age pensions not being high enough. The Minister of National Health and Welfare (Mr. Martin) is in the house. He is a human being; he is a humanitarian. Do you not think that he would like to raise pensions if he could? Certainly he would, but under our present fiscal policy it cannot be done.

The government is bound by a false financial policy which ties its hands. Let us adjust that financial policy. Let us see that our consuming power matched with money will equate our productive power. Then we will not have the problem of unemployment. We may have shorter hours for peaceful pursuits, and as long as we have our income and can consume we will reach the stage where we will have one of the highest orders of civilization known to man.

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, I have listened with interest to the various speakers who have dealt with this problem and the more I have listened the more I am convinced that the problem is only beginning. I feel that we are in the first phase of a new age, a mechanical age, and our growing pains will increase still more as we develop into the atomic age. Therefore we are dealing now merely with an emergency condition.

I shall not repeat what has been said already as to the general conditions existing throughout the country, because I feel there is general agreement on the main fact that we have roughly half a million unemployed in Canada. Two speakers at least have argued that work could be made available for these half million people by a change in government policy. I look at it from this point of view. When there are half a million unemployed within the dominion it means that billions of precious man-hours are lost forever, man-hours of valuable labour are gone forever because of the time element. This is not so much a loss to the individual as it is to the nation. True, there is the loss to the individual of his employment and in many cases his self-respect, and his dependents are penalized through his being idle even temporarily.

During the depression I was active in municipal affairs in British Columbia. Immediately after that depression period the provincial and municipal governments of British Columbia pooled their experiences in an effort to provide a scheme whereby the conditions of the thirties could not be repeated, at least in our particular province. The result is that we have a blueprint of self-liquidating projects ready to be implemented, depending upon federal aid or the provision of funds by the federal government at a low rate of interest. With federal aid British Columbia could eliminate its present unemployment situation by starting these proposed schemes. Every scheme is a sound scheme which has been examined by the engineers of the provincial government, and every one would be a tangible asset to the province and the nation as a whole.

Possibly other provinces as well had the same experience and plans were worked out in case of another depression; therefore I shall not deal with that phase of the matter. The federal government could utilize this valuable fleeting asset of human labour. I suggest that if it wanted to it could develop our national assets without hurting anyone, and employ the maximum amount of human labour.

A total of 125,000 men could be used in reforestation and conservation schemes, for which we already have plans in Canada. Another 125,000 could be used to speed up the construction of the trans-Canada highway, which is bogging down badly throughout the dominion. Another 125,000 could be directed toward the building of homes which are so badly needed, and the construction of public buildings with which we are so far behind throughout Canada, particularly in the way of post offices. Another 125,000 could be employed under the Prairie Farm Rehabilitation Act to develop irrigation schemes for which we have blueprints in British Columbia and for which they have blueprints on the prairies. This would include the Saskatchewan river scheme.

Instead of these half million men remaining idle they could be employed and thus constitute a valuable asset to this dominion. It would cost very little more than will be

spent in the way of unemployment relief and the provision of social services to the families of these people, plus the heavy administration costs for those services.

Mr. Deputy Speaker: It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

CANADIAN PACIFIC RAILWAY

The house in committee on Bill No. 252, respecting Canadian Pacific Railway Company—Mr. McIlraith—Mr. Applewhaite in the chair.

On clause 1—*May construct line of railway.*

The Deputy Chairman: I might remind the committee that this bill comes to us after having been carefully considered by the standing committee on railways, canals and telegraph lines.

Mr. Macdonnell: May we have a word of explanation?

Mr. McIlraith: Mr. Chairman, I do not know that there is much that I can usefully add to what I said on the second reading of this bill. The branch line proposed will be 15 miles in length extending from Havelock, a divisional point on the main line of the Canadian Pacific between Smiths Falls and Toronto, northward to the site of the American Nepheline mine operation at Nephton. At the present time the mine employs some 150 people. It produces a rock product known as nepheline syenite, which is used in the manufacture of glass and pottery. About 70 to 75 per cent of the product is exported to the United States, with most of the remainder being used in Canada, although there are some exports to other countries.

At the present time the product is transported by truck some 24 miles over a road that is part township, part county and part private, to Lakefield, Ontario, there to be shipped by rail. The maintenance of the road has been largely contributed to by the mining company.

Having a railway line come right to the mine will improve the operation for two reasons. Because of its nature, the shipment and transshipment of this product by truck is not satisfactory, as the rock is reduced to a powder-like consistency before being shipped. The other difficulty is that in addition to the maintenance of the road being an expense, shipment by truck over the road is more inconvenient because the road cannot be kept open during all seasons of the year, and many plants require regular shipments. One week's delay in shipment may be an important matter in their manufacturing process.

The bill before the house is necessary because the Railway Act requires that any branch line of more than six miles in length can only be undertaken after authority is granted by parliament. The bill of course places no burden on the public treasury. The extension of this line will cost $1,500,000 and is being financed partly by the Canadian Pacific Railway, which will meet one-half the expenditure, and the other half will be recovered from the mining company at the rate of 80 cents per ton bonus on the freight handled until the $750,000 is repaid. Even with the payment of that bonus on the first part of these shipments, the operation will be made more economic by reason of the construction of this railway.

It is anticipated, subject to the necessary authority being granted by this parliament and the concurrence of the board of transport commissioners being obtained, that construction will be undertaken immediately and will be completed in this present summer season. Construction will commence as soon as weather permits, and the project should be completed by the fall.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: Carried.

Mr. Barnett: Mr. Chairman, one factor in connection with this bill which I believe should be drawn to the attention of the committee when it is discussing this matter, and which was not mentioned by the previous speaker, is that the result of this bill will be to transfer the business of hauling this material from the Canadian National Railways to the Canadian Pacific Railway. In stating that I am in no way opposing the passage of this measure, but I believe members of the committee should be aware of that fact in view of the interest we have in the Canadian National Railways.

Mr. McIlraith: Mr. Chairman, I believe it should be stated in all fairness that the reason this is being done is that the Canadian Pacific line is closer than the Canadian National line, and it is simply a matter of the economics of railway construction over a greater distance.

Mr. MacInnis: In regard to that point, what distance away is the line owned by the Canadian National Railways?

Mr. McIlraith: Twenty-four miles.

Mr. MacInnis: And when this line is built stretching for 15 miles will it go right to the mine?

Mr. McIlraith: It goes right to the mine.

The Deputy Chairman: Shall clause 1 carry?

Some hon. Members: Carried.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BRAZILIAN TELEPHONE COMPANY

Mr. John Hunter (Parkdale) moved the second reading of Bill No. 296, respecting Brazilian Telephone Company.

He said: Mr. Speaker, the Brazilian Telephone Company is a wholly-owned subsidiary of Brazilian Traction, Light and Power Company, Limited. The purpose of the present bill is to transfer the head office of the Brazilian Telephone Company from Toronto to the city of Sao Paulo, the capital of the state of Sao Paulo. That is the first intention of this bill.

The second point is that if the company is to do this, then it must be authorized by a bylaw sanctioned by the unanimous agreement of a special meeting of shareholders held for that purpose. A memorandum from the Brazilian Telephone Company goes on to say:

> When said company is by a decree of the Brazilian government declared to be a Brazilian domestic company, then the Companies Act of Canada shall cease to apply to the company.

There is a third portion of the bill providing for the filing of the Brazilian decree with the Secretary of State. This is more a procedural section than a substantive one.

The memorandum continues:

> The reasons why it is desired to transfer the head office to Brazil are mainly twofold:
>
> 1. In order to carry out the very large expansion program, it is necessary to spend very large sums of money on services and equipment. These large sums of money are not at present available on any suitable terms either in Canada or in the United States. It is believed that these moneys will be available in the united states of Brazil if the companies raising these funds are Brazilian domestic companies.
>
> 2. It is believed that the Brazilian people will be more satisfied with the operations of these companies if they are permitted to become shareholders in them, and participate in their profits.
>
> It should be pointed out that the Brazilian Traction, Light and Power Company Ltd., which is at present the sole owner of the shares of Brazilian Telephone Company, will, either directly or through a holding company, continue to have control of these telephone companies.

—of which this is one.

> Therefore the shareholders of Brazilian Traction are in no way prejudiced, and in fact should be benefited by changing the head office to Brazil, and by making this company a Brazilian domestic company.

The loss in taxes and fees to Canada amounts to $180 per annum and is negligible.

> As far as I know an act of this type, changing the head office of a Canadian company to a foreign country, and taking said company out from under the provisions of the Companies Act of Canada, has not previously been done in Canada. However, by the Rho Anglo Group Act, 1953, the imperial parliament at Westminster made provision whereby a group of companies ceased to be English companies, and became companies subject to the Companies Act of Northern Rhodesia. According to a news item in the London *Times* December 4, 1953, the Wankie Colliery Co. is introducing a bill into the present parliament of the United Kingdom, transferring the company to Southern Rhodesia under the latter's Companies Act.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 152, REVISED STATUTES OF 1952—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

Mr. Stanley Knowles (Winnipeg North Centre) moved the second reading of Bill No. 4, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

He said: Mr. Speaker, in moving second reading of Bill No. 4 I feel that I am but giving this house the opportunity to approve of a statute the principle of which was endorsed by the last parliament. I am also giving each of the parties in this house an opportunity to support a measure the principle of which has received the support and endorsation of all the major political parties in this country.

That support has been expressed by the opposition groups in this house on a number of occasions, and on several occasions there have been members of the Liberal party who have also voted for the second reading of this bill. I regret to say, however, that as yet the bill itself has not been passed by parliament. Nevertheless I dare to hope that we are getting nearer the day when the voluntary revocable check-off or some form of union security will be written into our national labour code.

May I indicate briefly what this bill proposes. It proposes that a new subsection be

written into the Industrial Relations and Disputes Investigation Act, which is our national labour code. When that new subsection has been written into the national labour code it will then be possible for a trade union—provided that trade union has been recognized under the labour code—to request that the employer concerned deduct or check off the trade union dues of those members of the union who in writing express their desire that that be done, whereupon that check-off would be made. In other words, Mr. Speaker, this is what is known as the very minimum of union security.

I for one—and there are other members in the house, I know, who agree with me—would like to see a greater measure of union security written into our labour legislation. Indeed, some of those who appeared before the committee on industrial relations last year indicated that their only complaint about this legislation was that it did not go far enough. I must make it clear also, of course, that there were those who thought it went too far. But as far as the platforms of the four parties in this house are concerned, all have indicated their approval of the principle of union security; and as I say, this bill proposes the very minimum of union security.

May I take a moment to give the history of this bill, at least so far as recent years are concerned. Back in 1948 we had before us the then new national labour code, namely the Industrial Relations and Disputes Investigation Act. After second reading it was referred to the committee on industrial relations. When it went to that committee it did not have in it any provision for the voluntary revocable check-off or for any other form of check-off or union security. In that committee, however, my good friend the hon. member for Spadina (Mr. Croll)—who likes having reference made to this matter as often as possible; I am sure it does not embarrass him—proposed that the voluntary revocable check-off should be written into the labour code.

That was not an easy thing to achieve in that committee—the lines of division were fairly close—but we succeeded. The committee passed my hon. friend's amendment and it was written into the code in that committee. We dared to hope that that battle had been won; but when that bill came back to the committee of the whole house in June, 1948, another member on the government side who is no longer with us moved as an amendment that the good work of the industrial relations committee be nullified. His amendment was to the effect

that the voluntary revocable check-off provision be struck out of the bill. I regret to say that that Liberal amendment, striking out what the Liberal member for Spadina had moved in the committee, carried in this house and so we lost the day. However, on that occasion there were 35 members of the House of Commons who voted to keep the voluntary revocable check-off in the labour code.

In 1949 a bill was introduced along this line, but it did not reach the point of a vote. In 1950 this bill which is now before the house was presented in my name, and it reached a vote. When the votes were counted it was found that 45 members had voted for it. That was an improvement over 1948. In 1951 the bill was introduced again. I would point out that on each of these occasions the wording has been exactly the same as the wording that was first evolved in the committee on industrial relations back in 1948. In 1951, when the vote was taken, we found we had made still further progress; 67 members voted for it. That group of 67 included not only all members on the opposition side of the house who were present at the time, but 17 members on the Liberal side of the house. When that number of Liberals differ with their party I submit that we are really making headway. It does not often happen in this house.

The matter did not reach a vote in 1952. Talking out was the order of the day that year. In 1953, however, something else happened. After a fair amount of debate on my bill for the voluntary revocable check-off, the Minister of Labour (Mr. Gregg) moved an amendment to the motion for second reading. His amendment was the well-known proposal that the bill be not then read a second time but that the subject matter thereof be referred to the committee on industrial relations. I expressed the view that I was prepared to accept that amendment at that time. I said I would rather have seen the bill passed, but that I could see the possibility that if we could get the subject matter to a committee we might do an educational job, might make headway, and might eventually get this provision onto our statute books.

We did not get the law passed, but we made some headway. That committee in 1953 considered the matter very thoroughly and made a most interesting report to the house on Tuesday, April 28, 1953. It read as follows:

> Your committee has considered the subject matter of Bill No. 2, "an act to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off)", and has agreed to report as follows:
>
> Your committee endorses the principle of Bill No. 2—

I think I should repeat that sentence, as the pith of the report is there: "Your committee endorses the principle of Bill No. 2". Incidentally, last year's Bill No. 2 was exactly the same as this year's Bill No. 4, which is now before us. The report goes on to say:

—and recommends that the principle of the said bill, together with the submissions included in the printed minutes of proceedings and evidence of the committee on the subject matter of this bill, be considered by the government in its review and proposed revision of the provisions of the Industrial Relations and Disputes Investigation Act, which the committee is informed is now under study.

As I have indicated, Mr. Speaker, that report was made to the house on April 28, 1953. On May 5, 1953, as recorded at page 4773 of *Hansard*, the then chairman of the standing committee on industrial relations moved that the report be concurred in, and after a very short debate the motion was passed. In other words, the report of the committee became the report of the house. The position taken by the committee that the principle of last year's Bill No. 2 should be endorsed became the stand of the House of Commons on May 5, 1953.

I recognize, although that stand was taken by the committee and the house, that the report goes on to suggest that the matter might be further studied by the government in the light of the review we were informed was being made of the whole of the labour code. Still I think it should not be lost sight of that the principle of the voluntary revocable check-off itself was clearly endorsed both by the committee and by the house.

Since that is the position with regard to this matter, I hope it will not take much longer until we have this provision written into the labour law of the country. May I point out that the voluntary revocable check-off or some form of union security is already in a number of provincial labour codes. I know for a fact that it is in the trade union act of Saskatchewan, the Nova Scotia labour code, the British Columbia labour code, and two or three others as well.

Let it also be pointed out that during the years we have been discussing this matter in the House of Commons considerable progress has been made by those workers who come under federal labour jurisdiction in getting the check-off provision. For example, the railway workers, who constitute the largest group of employees coming under federal labour jurisdiction, now have even more than is sought by the bill. They now not only have a check-off in the voluntary revocable terms that the bill suggests, but they have the Rand formula so that the advantages gained by trade unions for workers on the railways are being paid for by all those who enjoy those advantages. However, some of us still feel very strongly that this is a principle which should be written into our labour law at the federal level so that it will give a lead and encourage the same kind of legislation in those labour codes that do not yet have it, and also so that under the law of this country there will be full recognition of the part that labour plays in our economy.

It is somewhat strange to me that it has taken so long to win a law of this kind. After all, the check-off is something that is practised in respect of a great many other types of payment. We know that during the war there were payroll check-offs for victory bonds and that now in peacetime there are payroll check-offs for Canada savings bonds. There are payroll check-offs for income tax, and also for donations to the Red Cross and various other charitable organizations. It does seem strange that when one comes to this matter there should be the employer resistance to it that there is. It has been argued at times that it would involve a bookkeeping task of some proportions, but I have not heard any great complaint from the railways over the fact that they now have the check-off as the result of negotiations a year or two ago. As I say, the bill before us would have the effect of recognizing in law what a great many workers already have; it would extend that right to the few who do not have it yet; and it would also serve to recognize in law the important position that labour occupies in this country.

I have deliberately refrained from trying to be provocative in presenting the case on this occasion, because it does seem to me that the case for this measure is stronger than it ever was. In view of the history I have already recounted, in view of the growing support for this measure across the years, in view of the fact that all parties are in favour of it, in view of the fact that the last parliament endorsed the principle of this bill almost at the end of its term, I hope that this time the measure will not be longer delayed.

I know the answers that have been made from the other side of the house on former occasions. I know what I think of some of the replies that have been made, but I shall not bother to say that now. I hope that on this occasion there will be no excuses, but that the government, which was the government last May when parliament endorsed the principle of the bill, will on this occasion agree that it is time this minimum form of union security, the voluntary revocable check-off of trade union dues, should be written into our national labour law.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I do not think it is any part of my duty this afternoon, and it is certainly not my intention, to discuss the history of the bill as the sponsor has already done, or to discuss the merits or demerits of the voluntary revocable check-off as described in the bill. Year after year this matter has been brought forward and discussed at some length. As the hon. member for Winnipeg North Centre (Mr. Knowles) said, it was discussed last session, and when the bill came before the house on second reading it was referred on my motion to the standing committee on industrial relations. The committee gave it very careful study and received a great many representations pro and con, and all of that is duly recorded in the minutes of proceedings and evidence of that committee. Perhaps members of the house who were not here last year would like to refer to that report.

On the 28th of April last the committee made its report to the house, and that report has been read this afternoon by the sponsor of the bill. I think the house will agree that the mandatory part of the report is briefly that the principle of last year's bill be considered while the review and proposed revision of the act is under study by the government. As was stated, the report was accepted by the house on Tuesday, May 5, 1953, and the consideration indicated in the report has been going forward. My department has been carrying out what perhaps might be called a long-term but careful study of the Industrial Relations and Disputes Investigation Act. It has been working out a number of proposed amendments.

I should like to say a word right here about the act. It is not an old one. It is one act that has not been subject to very many amendments, and to my mind it is an act with respect to which the greatest austerity should be exercised in introducing amendments. I am confident that the simpler it can be kept the better, as long as it is a suitable instrument to carry out the tasks in hand. The federal labour relations law should never attempt, I think, to be an omnibus act with the pious hope that it will thus end all real or alleged evils associated with any group of organized employers or organizers workers, because the spirit of conciliation on the part of the bargaining parties to a dispute is of more value than all the amendments that can be attached to the act.

Therefore the officials of my department have wanted to take time in which to review these amendments based upon useful years of experience since the end of the second world war. In fact it might well be that we should take more time in making sure that, on the one hand, all amendments that would be useful are included and, on the other, that all amendments we do include are absolutely essential. In a process such as this I do not think the committee in the department that has been working on this matter should be rushed. Because of this the group of amendments have not yet been completed by my department, and I of course have not yet recommended that group of amendments to the government.

Now, what has the House of Commons said about the matter? The committee recommended to the house last spring that the principle be considered during the review of amendments I have been talking about. The house endorsed that recommendation. We in the Department of Labour are, in our own time, carrying out that recommendation for consideration.

I am not able to say at this time when I shall be able to submit a final list of amendments to the government. I cannot undertake to give the house the exact time when this action can be taken, or to forecast the results thereof. I do not think the matter is of such great urgency that I should take this step at a time when I would like to have further study given to all the proposed amendments, and also at a time when there still exists in the public mind a very strong feeling regarding the check-off concept, due to certain disputes in which the check-off, even though not this kind of check-off, was an important factor under other jurisdictions.

Therefore I hope the sponsor of the bill will not consider it a discourtesy if, after a reasonable discussion, I should ask one of my colleagues to move that the debate be adjourned.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have no intention of talking this bill out; but I cannot understand in this day and age, with the experience we have had with the voluntary revocable check-off, why there should be opposition to this type of union security, particularly opposition from the government.

For a start, the government is pretty well committed to the principle in the bill. The government checks off income tax at the source. This is done in respect of the indemnities of members of parliament. The government also has a very excellent recreation association in Ottawa, and we know that the members of that association pay their dues by the check-off, through government payrolls.

This is not something new in this country. The government has adopted the principle.

I would just like to ask the Minister of National Revenue (Mr. McCann) how he would collect his income tax, or how many inspectors and auditors and policemen he would have to employ to gather the taxes he gathers today, if it were not for the fact that those taxes are deducted at the source, by government order.

So, you see, when we begin to argue the principle it becomes clear that that principle is very well established, so far as the federal government is concerned. Some members in the house would say, "This is pretty wide; it is pretty sweeping." Well, it is not. The type of check-off that the hon. member for Winnipeg North Centre (Mr. Knowles) advocates in the bill merely covers industry in this country that may be under federal jurisdiction. There are not many of them—the national harbours board, Polymer, Canadian Arsenals—and most of them have it already.

So there is nothing wide or sweeping about it at all. Organizations that are organized provincially come under the provincial codes, and in most provinces they have this type of check-off. Even if it is accepted and is placed in the code, it is not mandatory. It is arrived at generally by agreement. When a union, recognized through due processes prescribed by law, sits down to write an agreement, such agreement is arrived at between employers and employees, and neither the union nor the employer in this type of check-off can compel anyone engaged in the industry or standing as a member of a union to accept this type of check-off. It becomes a matter of individual selection. With the voluntary revocable check-off the individual must place a card signed by himself in the company office, authorizing the employer to make the deductions. Otherwise such deductions are not made.

On the other hand, if during the term of an agreement union officials get out of line, or a union is not functioning as it should, the employee has the right to go to the office and withdraw his card. There is no compulsion in it. When one considers the fact that throughout the country today this type of check-off is in operation, the present request does not seem unreasonable. I know that in my own province we pay for hospitalization in this way. We pay for our doctors in the same way, under a group system. The churches receive their money by the same process.

I do not see that anyone in the house has anything to fear by writing into the national labour code something that will bring a little more democracy into the industries coming under that code. It is pretty nearly time we got around to this type of legislation, not only because the government accepts the principle but because it is implementing that principle in practically every organization coming under its control, with the exception of the national labour code.

Someone has said that he cannot understand resistance by employers. Well, I can understand it. An employer knows it is very difficult for an organization to function unless this type of dues collection is in operation. If it is not operating, then it means that union officials who wish to collect their dues have to travel continuously, thus occupying the major portion of their time. An employer knows that when a union must function through the voluntary collection of dues it is pretty badly hampered, and that is why he resists. He resists because he does not want the efficient functioning of union financial matters in or around his industry. It is a refusal to grant a little more democracy and to make things a little easier for those who are trying to look after the interests of employees. That is why he resists; make no mistake about that.

As the hon. member for Winnipeg North Centre has said, and as the Minister of Labour well knows, we have had this kind of check-off in my end of the country for at least 60 years, and it has not caused any great revolution. The unions established it first, and it worked so effectively that other organizations followed suit, even to the federal government in the collection of income tax. In Ontario a learned judge, Mr. Justice Rand, headed a commission which made a thorough study of the whole question and recommended what has come to be known as the Rand formula. That is a little tighter form of union security, because no member is permitted to contract out of the organization during the life of the agreement. All members must pay their dues during that period.

The hon. member for Winnipeg North Centre (Mr. Knowles) is not even asking for that. He is asking the government to write into the code a principle that is accepted by themselves, one they have in operation, that gives the employee the right to put a card in the office saying that his employer may take his dues and pass them over to the secretary-treasurer of the organization. And, on the other hand, if he does not like what is going on in the union he has the right to withdraw that card and not support the organization financially. In my judgment there is nothing wrong with it. Those who fear it do so because of the propaganda that is put out by the employer who wants no organization of

any kind, and who realizes that this is one of the ways of stopping the union from functioning.

I could give the house a lot of instances in this country where this question has caused a great deal of upset and economic upheaval, loss of wages and all the rest of it. Fortunately in most industries in this country today, where the employer is a sensible and moderate man, it is recognized that a well-established union, with proper leadership, is one of the biggest assets of the organization. I am sure that if the management of the mining industry, the automobile industry and the Canadian National Railways were questioned as to the desirability of having a union or otherwise, they would say, "Leave it there. The best advice we can get in most of our operations is received from the union officials, because they have someone there who meets with us and goes back to the men; therefore we get a lot of things done that we would not get done otherwise".

This means of getting the dues of the employees of an organization is one thing that is necessary to give the union the stability it needs to consider problems that affect industry, rather than have the officials chasing around trying to collect dues and occupying their time in that way. I am sure the Minister of Labour realizes that as well as I do. It seems that there are some stop-blocks behind the scenes that will not give him the green light. He has the red light, and has had it for a long time. I hope that at this time the house will say, let us pass this. The trade union movement is part of the structure of this country; it is as much a part of the country as industry itself, because the ultimate objective of the organization and of the people who work in the industry is to bring it to the point where it may accept responsibility for a share of the management of industry and give us a more effective machine to produce more in this country, for our people to enjoy.

I trust at this time, without any further discussion, this bill will pass and another milestone will be passed in the establishment of industrial democracy in the country.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, the Minister of Labour has made it clear that it is not the intention of the government to permit this bill to go to a vote. He has stated that he will welcome a motion to adjourn the debate, and I am not in much doubt that he will have the opportunity of extending that welcome, and that he was sure of it before he made the suggestion.

One of the things that interest me today is the different procedure being followed by the Minister of Labour in relation to the measure now before us. Last year when this same measure was under discussion the government moved that its subject matter be referred to the committee on industrial relations. The motion of the minister on that occasion was:

> That Bill No. 2 be not now read a second time but that the subject matter thereof be referred to the standing committee on industrial relations.

I suppose it would have seemed peculiarly inappropriate at this particular time to introduce a motion of that nature suggesting that a select committee or a standing committee could obtain useful information, because we have heard so often in the last two weeks that the reference of any subject to a committee would be to divest hon. members of their responsibility. So it would hardly be consistent on this occasion to turn around and say well, we were quite ready to improve our own position but we are not ready to do that in the case of something that affects the general rights of labour in this country. Possibly the Minister of Labour would not admit that, but at least there is strong reason to believe that something of that kind might have suggested that the axe be used instead of the reference.

I must say that I do not believe it is good practice in regard to this or any other measure simply to rise and say we are going to have a motion introduced which will have the effect of ending this debate. The government may feel that that is a proper course, but it is one which does savour of a denial of the ordinary rights of private members to bring a matter of this kind to its conclusion. Since that position has been stated, in putting before this house certain views that I think I should put forward I am not doing so in apprehension that if I occupy the ten minutes at my disposal I shall be avoiding the possibility of a vote. It has been made quite clear that it is not the intention of the government to permit a vote on this measure.

Mr. Harris: Now.

Mr. Drew: The interjection was not sufficiently clear. If the minister wishes to make a statement in clear words I shall be very happy to sit down. I could not hear what the interjection was.

Mr. Harris: At the end of the hon. gentleman's sentence I said, "Now".

Mr. Drew: Oh, I see; no vote now. That ties it to the statement of the Minister of Labour when he said: "I do not think that the committee in the department should be rushed." This committee in the department has been working for years, and

when the Minister of Citizenship and Immigration (Mr. Harris) says the time is not now, then we know that it is to be at some distant date in the future when the committee will finally be ready to make some proposals.

Last year, as on earlier occasions, this same plea was made. We were to wait for the appropriate time. Since we are not going to have a vote now, according to the Minister of Citizenship and Immigration, then the best we can do on this occasion is to avail ourselves of this opportunity to put forward certain views which have a direct bearing on this subject, particularly on the statement of the Minister of Labour that he does not think the committee in the department should be rushed. Just when this committee would not consider that it was being rushed is something that would really be a matter of interest to some of us. We heard these same discussions on this same bill on earlier occasions.

Since this bill has been up before, and since this does afford us an opportunity to present our views, may I repeat the arguments I presented last year, which were presented on earlier occasions and which I hope may receive the support of the government, because this is an important subject.

I must say that we do not need to be told by any hon. member that the trade union movement is now part of the social and economic structure of our country. That is recognized by every person who has the slightest knowledge of the essential requirements of the relationship between management and labour. However, what is not as readily accepted is the fact that the basic requirement of union security is collective bargaining and the assurance that the duly certified bargaining agents in any industry or occupation will be able to carry forward the work that they are set up to undertake under laws which have as their purpose a balanced relationship among workers, management and the public, who have a very direct interest in the end result of that relationship.

Due consideration must also be given to the inevitable and important relationship between governments and their agencies which have so constant an association with labour and management. The field is divided between national and provincial responsibility. That is something which always must be borne in mind.

We have contended on earlier occasions that this act should not be amended piecemeal, that what is greatly required is a review of the whole act and that an opportunity be provided for organized labour, for management and for representatives of the public generally to place their views before some competent body which will in turn be able to make recommendations which can be the basis of legislation.

Do not let any member of this government or any supporter of this government get up at this time and say this is simply another suggestion to pass over the responsibility of parliament to some outside body. After all, it was this same government that appointed the McTague commission more than eleven years ago. That was the last time a comprehensive survey was made in Canada of possible labour legislation. True, there have been references to the standing committee on industrial relations; true, there have been discussions in this house from time to time on individual measures, but those who have had the responsibility for the administration of legislation of this kind—at one time I also shared some measure of responsibility for the administration of labour legislation—know that piecemeal amendments without due regard to the impact of any amendment on other parts of the act can sometimes defeat the very purpose for which the amendments are made.

At the time the McTague commission made its report after very extensive inquiry the government acted under the wide emergency powers then available to it, and which it was prepared to use. It has just as wide emergency powers today and we are very glad it does not use them, for the present at any rate, or not now, to use the words the Minister of Citizenship and Immigration prefers.

At that time they employed the wide powers of the emergency legislation then available to them and introduced what amounted to a labour code. We came nearer to having uniformity of labour legislation at that time than ever before in Canadian history. Some of the provinces adopted the labour code outright as the provincial code, and as a result there were some provinces in which there was uniform labour legislation, which is highly desirable if it can be reached by agreement.

Eleven years have passed, during which time this country has expanded as an industrial producer beyond the expectations of anyone in those days. That expansion has brought new problems; that expansion has brought new pressures on the legislation we now have before us. If it was wise for this same government to appoint a public inquiry of three under the chairmanship of a distinguished jurist of that time, then I submit it is equally wise that the same course be followed today.

It should not be said that this is divesting us of responsibility, nor should it be said

that a judge, or in this case one who has been a judge, is not a suitable person to head such a commission. Without in any way expecting that the government will accept my suggestion in a case of this kind, I may say that I for one would welcome their decision to appoint the same man as chairman of another commission. I think most members of the unions in Canada approved of the appointment at that time of Mr. Justice McTague, and would approve today the appointment of Mr. McTague as chairman of a commission to conduct an inquiry with similarly wide terms of reference.

Since this government has already demonstrated its belief in that method; since they were able to act so satisfactorily on the recommendations then presented to them, and since they incorporated most of the provisions of the order in council resulting from those recommendations into subsequent legislation which is still on the statute books, I repeat my request that a similar committee be set up because the government is not ready to act now, and I underline the word "now".

Since they are not ready to act now, then will they follow the same course they followed before and appoint a competent body, including someone with a wide knowledge of labour relations, including at least one representative of organized labour and one representative of management? If they were going to appoint a committee of three that would seem to be a well-balanced body. On that basis we might then have recommendations before us which would make it possible for us to have as fine labour legislation as would be available anywhere, and next year we would not be faced once again with the statement that the government is not ready to act now.

Mr. Speaker: The hour for private and public bills having expired, the house will resume consideration at eight o'clock of the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

UNEMPLOYMENT—MOTION FOR EXAMINATION BY COMMITTEE ON INDUSTRIAL RELATIONS

The house resumed consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Green, and the amendment to the amendment of Mr. Gillis.

[Mr. Drew.]

Mr. O. L. Jones (Okanagan Boundary): Mr. Speaker, this afternoon I tried to point out the serious loss unemployment meant to our economy. Half a million idle men means billions of man-hours of labour lost, especially when the idleness is prolonged. Idleness means billions of dollars to our economy. I outlined briefly the plans drawn up some years ago by the British Columbia government in co-operation with the various municipalities affected, and in view of the fact that these plans could be put into operation if the government would assist them I think the matter should now be considered.

The government, I feel, should perhaps consider giving to the towns and provinces which are prepared to co-operate once again some assistance by means of low interest long-term loans, especially for self-liquidating projects and those things in which the money could be safely invested in the form of mortgage finance, if necessary. During the thirties the government did actually assist the municipalities to tide over a very embarrassing period of unemployment by outright money gifts, financial help, and by making other funds available. I remember when I was on the Kelowna council we received quite a substantial grant from the federal government to assist us in putting numerous men to work on a sewer project.

I always look back to those days and feel that instead of keeping those men on relief—there was no unemployment insurance in those days—we saved the social services money and produced real, valuable assets of a permanent nature which were necessary to the town's development with labour which otherwise would have been lost forever, instead of subsidizing the social services which in turn would permit men to remain idle.

I listened last evening to the hon. member for Lethbridge (Mr. Blackmore) reiterating the statement that what is physically possible could be financially possible. I agree with him. That statement is quite correct. But I do not agree with his method of printing money to make it possible. To my mind that is straight inflation. I would suggest a logical and proper way of bringing these two factors together and making financially possible what is physically possible, and that is by the government making loans through the Bank of Canada to municipalities for investment in self-liquidating projects where possible. The cost of the operation and the service charge for bookkeeping and other expenses in connection with the issuance of that money at no more than 2 per cent could be borne by the municipalities. I am satisfied it could be done. I am not suggesting even then that this is a permanent solution, but it might

meet the present emergency and grant us time to really meet the problem which arises out of machine age development.

To my mind the day is not far distant when we shall be compelled to adjust our whole economy to meet the challenge of machine-produced abundance, because we know that today it embarrasses us, and will embarrass us to a greater degree when the atom is fully harnessed, to produce commodities that will create such abundance that human labour will become absolutely redundant. The present unemployment problem is simply an advance warning of the trouble to come from that source, and it is for the government to advance policies which will immediately take care of the displaced human labour today.

Some years ago I remember reading in a western paper about a wealthy easterner, I think he lived in Toronto, who had a habit of throwing his money out of hotel windows with a prodigal disregard for his own security. Probably some hon. members will remember the incident. At that time his sanity was questioned, and possibly rightly so; nevertheless that was what happened. I feel the government today is doing just that. We are throwing away billions of precious man-hours of labour which are being wasted and becoming an embarrassment instead of an asset through being channelled into productive work.

I realize that we are living in an age when human labour is becoming more redundant every day. With the advance of science and technology today we are witnessing the need for labour in industry receding accordingly. Private enterprise has no solution for our present problem. It has no solution for the displaced labour at this time except in terms of a hot or cold war, neither of which is acceptable to the Canadian people.

This condition to my mind calls for skilful direction by the government to protect the victims of the modern industrial process. Private enterprise will not do it. It is their failure in this respect that we have been discussing in the last few days. They naturally prefer the machine, where possible, to human labour. The machine operates 24 hours a day, does not strike for better conditions and produces more profits at a quicker pace than human labour. But such a policy will inevitably lead to chaos and distress even for the industrialists themselves.

Long-range planning should therefore be undertaken by a government which should be prepared to study even social credit and socialistic proposals to find a possible solution. Immediately, however, the government should set up a committee, or instruct the Department of Labour in co-operation with the provinces and municipalities, to study and produce a program of development which would be of permanent value to the nation. Why fritter away millions in supporting enforced idleness when such labour could be utilized to increase our national wealth? The unemployed are themselves chafing at the bit for work to do, and the government must give the lead.

We in the opposition will gladly co-operate in any way we can to make it possible for the government itself to bring order out of what may possibly become extreme chaos and hardship for our workers here in Canada.

Mr. J. W. Murphy (Lambton West): Mr. Speaker, I would like to take just a few minutes of the time of the house to comment on this subject, and I make no apology for explaining my position in this connection. I have just listened, as did other hon. members, to the last speaker. I hold no brief for the government, but when I hear someone in this house get up and say private enterprise has no solution to this problem except a hot or cold war, then I am rather surprised. I can understand the socialists saying that private enterprise has no solution, because that is the basis of their philosophy. They and they alone have a solution. But though I have listened to a great many speeches by members of the C.C.F. party, thus far I have not detected their solution. I do not think the government obtains any information of value from that particular section of this house.

The hon. member who has just spoken, at the tail end of his remarks, said we were discussing the failure of private enterprise, and that in this country we preferred machines to human labour. Well, I wonder how far this country, the United States, or any other progressive country would have developed if it had not been for the technological research and the evident skill and ability which private enterprise produced, which is manifest in the economic situation prevailing in this country and in the United States today. We do have machines in this country. We have an automobile industry in Windsor and Oshawa which could compete with any other in the world today except for taxes.

Machines create employment for labour, as the record of history will prove, and no socialist inside this house or out will ever convince me that machines replace human labour. We are told they are chaos and distress machines. I do not think anyone outside that party will agree with that. True enough we all admit—the members on both sides of the house—that we have an unemployment situation. We have yet to find anything in the socialist doctrine that is going to solve that problem.

Proposed Committee on Unemployment

I must say first that over the last several years we have heard the government justifiably boast that they are going to maintain full employment. What is meant by unemployment? Is it half a million people out of work? Or is it seasonal unemployment? I want to be fair, and I think every hon. member in this house wants to be fair. No one can tell me or anyone else in this house that we have not seasonal unemployment. We have other unemployment as well. The other day I think a suggestion was made by one hon. member—I am sorry I have forgotten his name—who said it should be the responsibility of government to devise, maybe through advisory boards, some way by which these seasonal employees could be employed for a longer time. I think the idea is well worth consideration. I have no doubt that the government advisers are considering such ideas with that as an objective.

I want to be quite frank and say here that while I am sympathetic to labour, I do not quite agree with their idea expressed here and there that industry has the responsibility of maintaining full employment by the year or, in other words, paying a yearly wage. That will come in time. It may come sooner than many of us expect, but at the moment I cannot see it, in this changing economy, with the competition facing us today, when industry would naturally be placed at a disadvantage if it should overproduce. Today in this country and in the United States we are in the position where we have overproduced. True enough that is a better position to be in than to be underproducing, whether it be wheat, automobiles or socks.

In the course of this debate we have heard about the unemployment in the textile industry and the farm implement industry. I was amazed, as I think many people were, the other day when a delegation met some of the members of the cabinet. When this situation was being discussed by the cabinet members and the representatives of labour the Acting Prime Minister told this particular delegation representing those who were out of work in either the farm implement industry or the textile industry that they should go somewhere else to seek employment. I rather think it was one of those statements made on impulse.

Of course what strikes me is this. That is a rather impossible position for those people to face. In the first place, where would they go? In the second place, the town or the city to which they went might also have unemployment. After all is said and done, I do not think there are many places in the Dominion of Canada today which have not unemployment. If these people were to migrate from one town to another and were to almost vacate some particular town or small city, there would be a bankrupt municipality.

I think the federal government must accept some responsibility. I am not saying that this philosophy of ignoring the almighty dollar, the value of that dollar, its purchasing power, and the necessity for conserving it, is not worthy of great consideration. I never did like the philosophy of "What's a million?" or "What's three million?" Nor do I subscribe to the theory that building, say, a $6 million national film board building is going to alleviate unemployment, especially when there is some doubt in the minds of many people as to the necessity for that particular building.

With respect to public spending, I am going to say here that I think the federal government should be the first agency in this country to endeavour to alleviate present conditions and get the wheels of industry turning so the dinner-bucket man can take home his weekly pay cheque. In that connection I am going to say this, and it is something which has been supported recently by press editorials. We in this country have been enjoying an export trade as well as taking care of our own requirements and competing against foreign imports into our country to replace those things we manufacture. I think what we must keep in mind in this country is that we have excessive taxes including the sales tax, the excise tax and other hidden taxes which go into the costs of the product which we hope to export in competition with foreign products, and with which we hope to supply our domestic market in spite of foreign competition.

I am rather afraid that many of us in this country will have to agree that these excessive taxes are pricing us out of the export market, and are also pricing us out of the local market as against foreign competitors. We in this country have become an industrial nation during and since the war. Prior to that time, of course, we were an agricultural country. In order to maintain a healthy economy I think we must enjoy a fair export market. Otherwise these men who depend on weekly pay cheques are going to find those pay cheques smaller, and that later on they will cease to come.

I would say that the responsibility today is on the federal government to take the initiative in this country, as was done on the other side of the border some few weeks ago by curtailing expenses as far as they possibly could. I think they appreciate the situation their country is in. In all fairness to any

government that is in power I am going to say that what happens in the country to the south of us, whether it is good times or bad times, is bound to be reflected in this country. We just cannot get away from that nearness and the fact that they produce much the same things as we do, especially those products that we export and that they export to this country.

When we see people out of jobs it reminds me of something I heard on the radio a few weeks ago—and probably many other hon. members heard it—when they were talking about "recession" and "depression" which we heard a great deal about in the thirties. A recession is when the other fellow is out of a job, and a depression is when you are out of a job. I think that is quite true. You do not realize how hard up you are, what position you are in or what you have to face until the ordinary man with the dinner bucket finds himself on the short end of a pay envelope.

We are faced with that situation. We must acknowledge that fact. I will say that governments must realize that they are in somewhat the same position as that of housewives. There are some things they cannot afford; and if they cannot afford them, they cannot spend themselves into a recovery. I believe in public spending—I am one of those in this house who do believe in it, and I think I have many associated with me—but I believe there is a long-term view as well as a short-term view of this particular situation.

The government has taken the stand that this is a temporary situation. That may be right. By the end of another month we may reach the turning point. I hope we do. In any event it would appear that the budget is not going to be brought down until sometime in April, and that will give the government an opportunity to homestead for another six weeks before doing anything about the matter.

I think my interpretation of public spending should be acceptable to many people, and I hope to members of the cabinet. I make no apology for saying that the construction of public buildings, the filling of the backlog of orders so to speak, in case we ever run into a recession, which we discussed some years ago when municipalities were urged to put forward their ideas as to what should be done, would afford but temporary relief to the unemployed. I agree with an hon. member from Nova Scotia who spoke a few nights ago, who said that in so many of these projects in this country and elsewhere the amount of labour involved is so small compared with the total capital investment as to cast doubt on the wisdom of certain types of public spending even in times like the present.

I do not think we can spend ourselves out of a recession. My idea of public spending at a time like this would be along the lines of that held by private industries who see a future expanding market and want to enlarge, and who would invest $1 million, $2 million or $5 million, as the case may be, to expand their particular industries in order to take care of business two, four, five, ten or twenty-five years from now.

With the technological advances that have taken place today I think even some of our most modern industries will not be modern four or five years from now. The point I have in mind with respect to the idea I have been trying to convey is simply this. To my mind there are projects in this country that we could undertake which would be beneficial in this respect, namely if the government would do as industry does and spend $2 million, $4 million, $5 million, $50 million or even $100 million it would help to alleviate present conditions and at the same time would have long-range benefits.

For instance, there is the Passamaquoddy power project in the maritimes, which would be a federal matter and would mean a great deal to that particular part of the country. I could go on and recite others such as a power and conservation development on the Fraser river at the other end of Canada, as a result of which acreage under production would be increased in the course of time and the yield would be many times what it is today. I would call such projects developments of productive capacity which would appeal to the imagination of every Canadian. I cannot see, for instance, why the Saskatchewan river project could not be undertaken at the present time as a federal matter. Here we have a power project that in the years to come will benefit thousands, hundreds of thousands and possibly even millions of Canadian people. It may take 10, 15 or 25 years to achieve the benefits, but let us look ahead.

We are going to get over the hump. Let there be no mistake about it. Canadians will remain Canadians and will face any difficulty. All we want is good leadership, and we need not worry about what is going to happen tomorrow or the next day. Let us take a long-range view. These are the types of projects which the government should undertake because they are self-liquidating.

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With respect to hidden taxes, I think the time has come when the government must realize that if we are going to have a sound economy, keep our industries growing and reopen the ones that have been closed, we must remove some of these nuisance taxes, the sales tax, the excise tax and other excessive hidden taxes, because we are pricing ourselves out of the market. I say quite frankly, and I will say so to any labour organization in Canada, that labour as well as management has a responsibility to co-operate. If they are true Canadians then they must accept the responsibility that is theirs. The necessity for endeavour on the part of every Canadian was never more apparent since the thirties than it is today. No one party, no one government, no one province, no one municipality can solve the problem. It requires the co-operation of everybody.

I say it is the responsibility of the federal government to give leadership. So far as hidden taxes are concerned, we had an illustration a few years ago of the result of excessive taxes on cigarettes. Since I first entered the house these taxes have been increased, and the government were told that their revenue would be decreased. I am not going to discuss the necessity for the reduction of taxes on cigarettes, but the point I make is simply that when taxes were increased on this particular product the revenue decreased. We urged that the taxes be reduced. I am sure the government will admit in all fairness, because the records are there to prove what I say, that they are very pleased with what has happened during the last year as a result of the reduction of these taxes. If the taxes had not been reduced we would not have had the same consumption, and as a result would not have had the revenue.

Because we have these excessive taxes we are bound to encourage smuggling. We are actually subsidizing foreign manufacturers by our excessive taxes. That applies without any question to cigarettes and to many other products. In this country we have a great acreage of tobacco and should have much more. By reducing taxes we increased revenue. I say the same principle should apply to the taxes on so many things we buy. I repeat, and I do not mind doing so because if an idea is worth uttering it is worth repeating, that I think the public realize today as never before that hidden taxes, the sales tax and so on, are so oppressive that the workingman is losing his job. Why? I think he realizes today as never before that he is being taxed out of his job by the policies of the present government.

[Mr. Murphy (Lambton West).]

I could give several quotations but I do not intend to. However, here is one that substantiates what I said about the construction industry. Representatives of the Canadian construction association presented a brief to members of the cabinet the other day. I have here an article from the Ottawa *Journal* of February 22 dealing with that meeting, from which I intend to quote only a paragraph, as follows:

> It said construction is desirable in times of general decline in business activity, but this year Canada will have a high volume of construction anyway. "It is very doubtful", the brief said, "that a substantial increase in the public works program would affect the present seasonal unemployment . . . or help the textile, marine, agricultural implement and other industries currently beset with serious unemployment problems".

That is in line with what I said a few moments ago. While we are bound to have a construction program this year of no mean amount, as I endeavoured to emphasize a few moments ago, in my conception public spending during this period on a works program of buildings and so on would provide only temporary relief. I would much prefer to see that coupled with a long-range program involving projects such as I have put forward. I refer to the Fraser valley, the Passamaquoddy, the South Saskatchewan and many other projects in which the federal government could participate.

I want to say something else related to this particular subject with which I do not think anybody will disagree. We have in this country the greatest potential tourist industry on the continent per capita, and we are not getting our fair share. While the tourist industry affects every section of our economy, and everyone in business, we seem to disregard it. I would say that this is one industry in Canada from which everyone benefits, when our American friends come here and when in return we export good will. I think the government should take the lead in this matter, but it never has. It cannot make the claim that it has done anything to promote the tourist industry. Instead of obtaining something more than $300 million from the tourist industry, I say we should be obtaining a billion dollars, and I said that ten years ago. The tourist industry has actually decreased in dollar value in the last few years.

I believe that under an aggressive program initiated by the government we could bring in that amount of money. This would mean a great deal to people in Canada from coast to coast, not only those operating tourist services and resorts, but people in all sorts of businesses.

I hope the government will consider at this time the plight in which the municipalities find themselves. My own conviction is that many of those municipalities are going to find themselves under a very severe strain because of this unemployment, the necessity of supplying relief, and also because of the high taxation policy of the government. For many years now they have not received their fair share of tax revenues. I am inclined to think that if this matter goes much further the government will have to appreciate the position in which the municipalities are finding themselves. I am sure no hon. member would like to see his own municipality suffer and not be able to meet its obligations, or to take care of relief measures, or fulfil those other requirements which, as municipalities, they must fulfil.

I would express the hope that before too long this government will realize that governments at lower levels have responsibilities. This applies to provinces as well as to municipalities, and affects all the people. In my opinion it is about time these lower levels of government secured some kind of agreement under which they would be placed in a respectable and responsible position, so they could meet their obligations and not feel called upon to be under any obligation to any other government.

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I make no apology for speaking on the amendment to the amendment moved by the hon. member for Cape Breton South (Mr. Gillis). In my opinion the very serious unemployment problem now under debate demands the utmost attention from those in responsible positions. As a representative of the people of Canada I wish to express my opinion as to what should be done, and to make some comments concerning the whole situation.

It has been established, and I believe accepted on the government side of the house, that the figure of about 525,000 unemployed is accurate. This represents about 7 per cent of the total labour force in Canada. So no one can underestimate the serious situation facing our country unless something can be done to rectify the situation and to put those people back to work under some program.

I listened with keen interest to the hon. member for Lambton West (Mr. Murphy) who attempted to castigate the hon. member for Okanagan Boundary (Mr. Jones) for his references to the capitalist system. I refer to it as a capitalist system, not a so-called free enterprise system, because certainly there is nothing free and there is nothing very enterprising about the system under which we operate. It is a capitalist system; and I quite agree with the hon. member for Okanagan Boundary and other members of the C.C.F. who have expressed little or no faith in capitalism as a means of obtaining security in peacetime for our Canadian people. Looking back as far as I can recall, over a period of years we have gone the full cycle of employment, recession, non-employment and then back to full employment, when our people had jobs and a decent standard of living.

When he reflects upon what he has said I believe the hon. member for Lambton West will realize the truth of what I am saying, and that he was mistaken when he applauded the capitalist system which has done nothing but bring unrest, unemployment and insecurity to the world. Today when we have such great opportunities through technological advances we should be able to use our natural resources in order to get jobs for everyone, so that all people may have a decent standard of living, and security.

I was interested before the dinner recess to listen to the hon. member for Macleod (Mr. Hansell) who tried, as he said, to indicate three methods by which the situation could be corrected. One of those methods he said would be a very clear socialist policy. I do not know what he meant by that; he did not go to any length to indicate his meaning. In any case I want to take issue with him, and to correct his statement that industry does not operate to give employment. Let me tell the hon. member that if in Canada we have investors and if we have people in control of multi-million dollar companies, then it is their responsibility to give employment to our people. They have a responsibility to keep the factories open to give our people jobs.

It is true that the giving of jobs is not the primary endeavour of industry; nor is it as he suggested, the production of goods. The production of goods in industry, I say, is only secondary to the profit motive. The production of goods is only incidental to the making of profits. It is clear that on those occasions when they cannot sell their goods and make profits, neither goods are produced nor people employed. And that is pretty well what we are finding in the Canadian economy today.

Therefore I suggest that we must give consideration to ways and means by which our people can share equitably in the economy of this country. Today we have in Canada, even under the system now operating, a condition under which we are

using about $2 billion of our Canadian gross product for war preparedness, or defence production. Our total gross product in Canada in 1953 amounted to about $24 billion. If we take that figure of $24 billion and take also the population of Canada which, roughly, can be placed at 15 million people, and allow a certain amount—perhaps a third—for capital investment, we still have a figure under which every family of four would enjoy an income of $6,400. When we make allowance for depreciation in capital investment to the extent of one-third of our national product, and make an equitable division, we still have a family income of $4,500. We know for certain that it is not possible to divide it equally. Perhaps we would not be justified in dividing it equally, but it does show that in Canada we are producing a gross national product which could take care of any hardship in the country.

That is not being done. I hold in my hand a sessional paper dated January 29, which I received some time ago. This sessional paper gives the number of people making income tax returns for 1951-52 in certain salary ranges. It shows that 452,427 people earned less than $500 a year; 443,140 earned between $500 and $999; 601,655 earned between $1,000 and $1,499; 690,792 earned between $1,500 and $1,999; 750,889 earned between 2,000 and $2,499 and 476,134 earned between $2,500 and $2,999. This sessional paper shows that today our people are not enjoying what might be called a decent income.

This government has a definite responsibility to see to it that our people are protected in their jobs. We can pick up almost any paper today and see the large profits that are being made by our large industries, particularly those in a monopoly position or with such control over the market that they can demand from the consumer practically any price for the commodities they have to sell. From that we can see why our Canadian products are being priced out of the picture in so far as international trade is concerned.

I know some hon. members will say that labour itself has so increased the cost of Canadian products that our goods are no longer able to compete in the foreign market. That is not true. For proof of this statement all we have to do is to look at the farm implement industry. That is one of the industries that sent delegates to Ottawa to interview the cabinet and ask that something be done. We find that despite the increases in wages from 1946 the profits of the machinery companies per dollar of product produced have increased to a far greater extent than have wages.

Therefore we find ourselves in a situation similar to that of the 1930's. Sufficient money is not going back into the pockets of the people who produce the goods to buy back that which they produce. Great technological strides have been made in the production of commodities, and the Canadian people should be able to buy those products for use in their homes to enable them to maintain a better standard of living. Our government should take the responsibility of seeing to it that more money goes back into the pockets of the people to buy back what is produced. If that is not done, exactly the same thing will happen as happened in the 1930's, when we had unemployed men riding the box cars throughout the country. Our factories were shut down, and that may happen again.

I do not think it is to the credit of any system that we have to have war or threats of war in order to keep our people employed, or to give them a high standard of living. The cruel irony of it, Mr. Speaker, is that our people have never had a higher standard of living or fuller employment than when we were at war, when almost half of our national product and our resources of manpower were engaged in war production. Surely it does not take too much common sense to be able to make the point that when we are coming back to a peacetime position we should be able to organize our economy and use technological improvements to increase the standard of living of our people.

Here is the position in which we find ourselves, in spite of the fact that certain people are willing to start new enterprises. The figures I am about to give the house do not in themselves indicate that it is of necessity a good thing, but in the last quarter of 1953 there was an increase in the total number of established commercial enterprises. In the third quarter of 1953 the number increased from 2,554 enterprises to 3,131. In the month of September there was an acceleration of commercial failure. The total number of commercial enterprises operating at the end of September was in excess of those operating at the end of July, but that is not the point. The point is that in dollars the total volume of money invested in those enterprises had declined.

I think hon. members will be interested in the figures I am about to give. They indicate the grand total amount of money in such commercial enterprises. We find that until

1929, up to the time we had the crash, we were enjoying a period of pretty good prosperity. Then the crash come. From then until 1939 there were a very large number of commercial failures. The situation began to get better; the amount of money invested in such commercial enterprises began to go up until the war came, when there was great investment in commercial enterprises. Then we find in 1953, after the period of the cold war, an increase in commercial failures.

I have tried to outline some of the reasons why the government should take immediate action in this field. I would suggest that some of the measures the government has taken in the last two or three years are not going to be effective to stave off a calamity for any long period unless something else is done.

I recall that in 1951 the government took off practically all credit controls, and we found that instalment and credit buying increased very rapidly. We found that by September 30, 1953, an appalling situation existed in connection with outstanding instalment debt. At that time there was $225 outstanding in instalment debt for every Canadian. This has almost tripled in the last 18 months. The total instalment debt, charge accounts and personal loans up to date stand at $500 per family. The debt situation of the Canadian family is increasing to an alarming extent. I think the government should find ways and means of dealing with that sort of situation.

There are some things the government could do in order to restore the purchasing power of the Canadian people and put many of our people back to work. First, I would suggest that farm purchasing power be restored. Someone will hasten to his feet to say that in 1953 we had an all-time record farm income, but when we take the farm income for 1953 and the figures of farm purchasing power in connection with the things the farmer has to buy, we find that the farmer is in a very bad position in that relationship.

I ask the government to consider putting adequate floor prices under farm commodities and taking over immediately, through the wheat board, 500 million bushels of wheat. I feel that the Canadian farmer, along with every other Canadian, is willing to do his share in seeing to it that the hungry people of the world are fed. I think that would be a tremendous gesture on the part of a democratic world to help alleviate hunger as well as win support for democracy. In addition, I submit that the government should increase the old age pensions. The present payments to our older citizens in the form of old age pensions are a disgrace. This would give our older people a more decent income so they could enjoy some of the amenities of life and buy some of the goods now on the shelves that Canadians have produced, and thereby help the situation. I suggest to the government that it abolish the 10 per cent sales tax which today has the effect of increasing the cost of farm machinery and reducing the effective demand of the farmer for such machinery, as well as increasing the prices of commodities to the general consumer.

In addition I think the government should undertake a very comprehensive and imaginative program in respect to public works projects. I recall that when I was here from 1945 to 1949 we as members of parliament understood that the government had a shelf of public projects which it was prepared to utilize in case unemployment ever struck the Canadian scene. If that is true then I think it is high time they pulled out of the dark any secrets they may have in this regard. The Canadian people are asking that something be done.

Then, I feel that the government should take steps to reduce the interest rate so farmers and others may be able to obtain credit at lower rates. It is nothing short of usury the interest which people have to pay, whether on farm improvement loans or when they get a loan from the bank. Certainly those people who through force of circumstance have to go to these finance corporation people in order to get short-term credit at 24 per cent interest are paying rates which are a disgrace to the country.

I just want to close by saying that this is a serious problem, but a solution can be found if the government has the will to do it. Just as we won the war so we can win the peace. The veterans and all our people generally are placing the responsibility at this time on the people right here in this government, namely the Liberal government. The delegation representing the unemployed people in the farm implement industry who came here were not at all satisfied with the answer they got from the Acting Prime Minister (Mr. Howe). A statement appeared in the press to the effect that the Acting Prime Minister had told them that they must find other jobs. The headline read:

> Must find other jobs, Howe bluntly advises farm implement men.

I want to say to the right hon. minister and to the government that these workers are victims of circumstances beyond their control. All they can do is come to their elected representatives and ask them to do

something. Under our complex society most of the jobs are governed by industrial employment, and the wheels of the factories must turn. If it is a matter of public investment, then it has to come from the people in charge of the public treasury, namely the dominion government. On these two counts I would ask the government to do something.

It is not sufficient to tell these labour people to leave their former places of employment, to leave their homes and families and go to hunt other jobs. These people are not Dick Whittingtons who can put their little bags on their backs and strike out to find work. If they think the streets of Ottawa are paved with gold because of the money talk there has been around the house these last few weeks, they will find otherwise. These people want work, and they want it now.

These 500,000 unemployed represent potential wealth. After all, wealth is only that which is produced by the working people applied to the natural resources. If we consider the daily output of each of these people when fully employed to be worth $10 to the nation, it would mean that these 500,000 men could in 200 days produce $1,000 million of wealth a year. If we consider that in terms of $10,000 homes, we find that 100,000 homes could be built for people who need them.

So I ask the government to consider this matter seriously. The people want an answer. The motion of the hon. member for Cape Breton South indicates that we want action now.

Mr. R. R. Knight (Saskatoon): Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Knight: —I presume it is my privilege to speak despite the protests from my hon. friends on the other side of the house.

Mr. McIlraith: Your hon. friends did not protest. The hon. member has no right to make that remark.

Mr. Knight: We shall let that go for the moment.

Mr. McIlraith: You had better.

Mr. Knight: Let me remind my hon. friend that I am responsible for what I say in this house. If someone on the other side groans I have the privilege of saying that I shall speak in spite of the groans of my hon. friends.

Mr. McIlraith: You have no right to say what is not true.

Mr. Knight: I was intrigued by the wishful thinking on the part of the hon. member for Moose Mountain (Mr. McCullough) when he indicated that he expected that the industrialists of this country might use the benevolent despotism which it was the custom of the early industrialists to use. I think we have reached a situation where we have a corporate industry which has very little human sympathy. Indeed we cannot expect that human sympathy will be exercised.

I can remember what has happened even within as short a period as my own lifetime. I am thinking of a factory owner in my native Northern Ireland who produced linen. When unemployment came along he used his assets and the profits which he had plowed back into business in order to keep what he called "my people" in employment, and he did that until he had used up all the resources he had in his possession. I would suggest that now he would be considered as a man not quite right in his mind.

I was intrigued by something said by the hon. member for Macleod (Mr. Hansell), and particularly by his three S's, sovietism, slaughter and social credit. It was a neat piece of alliteration, and I suppose my hon. friend would not like me to suggest that these things are three of a kind. I shall not do so. But I would like to point out to my hon. friend that if his solution of handing out purchasing power is correct, then there are only two ways in which to do it. You can take this purchasing power and say to a man, "Now, here is what you need. When you need more come back and we will give you some more." That is the first method. The second method would be simply to hand out this scrip or money indiscriminately—

An hon. Member: You know that is wrong.

Mr. Knight: I would like to ask my hon. friend who is to take charge of this public purse, because whoever has charge of it will have a regimenting and dictatorial power greater than any power any democratic socialist ever dreamed of, and one to which I am sure no one here has ever aspired.

On the question of unemployment, we in the prairie country are perhaps more fortunate than people in industrial areas. We have not very many industries, and such industries as we do have are largely connected with the construction business. It is admitted, though, that when the temperature is 30 or 40 degrees below zero there must be some seasonal unemployment, and I would point out that that seasonal unemployment is serious to the people who are concerned. I would like to see some way of overcoming the difficulty.

I have a good deal of sympathy with the government in their difficulties in dealing with

this situation, because they have come around to what my hon. friend from Moose Mountain (Mr. McCullough) has described as the difficult stage in an inevitable cycle, which during my lifetime has cropped up on several occasions. We have always been faced with the three conditions of depression, followed by war, followed by depression and then back again, and we have reached a definite place in that cycle which has occurred for the third time in my lifetime.

Many people here have said, and I expect there are many others who agree with them, that war seems to be the thing which does away with unemployment and depression. I am very interested in young people and in the education of young people, as some of my friends know, and I think one of the most serious aspects of this situation is that these young people are faced with this alternative, whether to choose war or choose depression. The danger is that they may make the decision in favour of war. As a matter of fact, I noticed in a United States magazine the other day that a survey had been conducted among some colleges in that country and the young people there had been asked, "What has war done for you?" Nearly all of them, I was horrified to observe, agreed that "War is the thing to which I owe my chance for an education."

That, Mr. Speaker, is a terrible condition of affairs, and I am worried lest the young people may come to believe that the only way they can avoid a depression, or the only way in which they can get a job or an education, is by means of war, or lest they conclude that that is the lesser of the two evils. As a matter of fact one of these young men said, "Yes, a few of us kids may get killed, but there will be lots of us left and it will be a lot better for those who are left." That is not a dream. That is an actual fact, and it is something we have to be prepared to face.

I have already mentioned the unemployment situation in my own city. There is considerable unemployment there, though I believe it is mostly seasonal. The condition, of course, is worse in those cities where we have industries which are making consumer goods, and here again we run into that same cycle at a time when the shelves have become full. That is true in the textile and agricultural machinery industries; most of these industries which are producing consumer goods are now, in the words of the Minister of Trade and Commerce, piling up a backlog, so much so that he was forced to say to a labour delegation, in my hearing, that that was the sort of trouble they had to expect in times of peace—

Mr. Howe (Port Arthur): He said no such thing.

Mr. Knight: —and that they had better find themselves jobs in another industry. But I would suggest that if these men do go and find themselves jobs in another industry they will overproduce that industry until again we have the condition of full shelves, in which the wages earned by the workers in these plants do not enable them to purchase back the goods they are producing. When the shelves are full then those in modern Canadian industry—and we could not call them benevolent despots—cannot afford to keep men in employment, and they shut the mills down so that unless we have a Korea or war or some other crisis there is a long period of attrition during which these shelves are being emptied of their goods, and the men are out of work. They have fulfilled their function for the time being and filled the shelves, and they can go on unemployment relief. It takes money to purchase goods, and the result is that in peacetime it takes a lengthy period before conditions are brought about again in which there is a demand for those goods and the men can be put back to work.

That condition has been aggravated by the process of mechanization, and I would suggest in that regard that the situation is liable to become worse in time rather than better. It is an old story. We have had it since the time of the industrial revolution, when men burned the looms because they believed they were depriving them of employment. I suggest the time has come when we must accept these problems and arrange to meet this process of mechanization. It is the government's responsibility—I am glad it is not mine—to take these bumps out of business so we can have an economy which will work. The problem, then, seems to be to get the goods off the shelf.

There is one other word I wish to add, namely that in the meantime I believe some of the recommendations we have heard here are going to be of some help. The problem concerns that fabulous or fabled shelf of public works of which we heard in 1945 or 1946. If some of these suggested solutions were put into operation they would, I believe, provide some alleviation, but I do think the main problem has never been answered. So I would be pleased if I could hear from some of my friends on the government side who would be prepared to answer this simple question. What is the government's solution?

When we have overproduction, when the shelves have been filled with goods, what is your solution short of war for getting rid of those goods in order that you may put the men who made those goods back to work again?

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, as I listened to the hon. member for Lambton West (Mr. Murphy) a short time ago, I was pleased to note that I found myself in complete agreement with one rather weighty observation he made. That observation was to the effect that it was the responsibility of government to give leadership. Prior to that I had been thinking that possibly he and I might be able to get together in a mutual admiration society in reverse in respect of the contributions which our political groups were making to this debate.

As far as I have been able to understand the remarks coming from that section of the house, I can briefly sum up their contribution by suggesting that they are advocating that we set up a committee to call before it certain people who will give us the statistics on unemployment which have already been given to us by the Minister of Labour (Mr. Gregg). Had they suggested that the government and the Minister of Labour should consider revising their methods of gathering and tabulating figures so they might possibly be more accurate and more complete in detail than they are at the present time, there might have been some point to their argument.

In the course of this debate some of my colleagues have discussed some of the broader aspects of unemployment as a symptom of an economic disease in our society. I shall therefore attempt to confine myself for a short time to some of the aspects of this matter within the terms of reference which have been set by the government itself. I recall that earlier in this debate the Acting Prime Minister made note of the fact that plans have been laid for an investment of something over $5 billion in Canada in the coming year. He suggested that this investment would be a means of eliminating, in large part, the present unemployment that everyone agrees exists, even though we may have varying ideas as to its proportions. In passing I should like to point out that while $5 billion sounds like quite a lot of money to most of us, a quick calculation shows that if it were all spent in wages it would provide $1,000 to each of the 500,000 unemployed that some people have suggested there are in this country today. However, as I say, I mention that matter simply in passing.

I would agree that some of that $5 billion about which the Acting Prime Minister was talking is going to be spent in that great nation-building tradition of this country which was set when the Canadian parliament quite some time ago launched the building of the first national transcontinental railway in this country. I would suggest that such things as the oil pipe line and the St. Lawrence seaway are in that nation-building tradition. I wish the Acting Prime Minister had elaborated a little bit more on just how and by whom this $5 billion was going to be spent. I have a feeling that the largest part of it will be spent by a relatively few large corporations. I should like to give one example of what actually can happen when these large corporations are investing capital in new plant and equipment.

I call to mind an investment which was made last year by one of the largest and, in my opinion on the basis of its record, one of the most efficiently and intelligently managed corporations operating within the province of British Columbia. They made additional capital investment in their plywood industry. It is perfectly true that for a period during the summer months there was a great humming of activity, and that jobs were provided for a large number of men in the construction trade. As a matter of fact they were being called upon to work a good deal of overtime in order that the project might be completed and brought into production. Of course quite a large number of people flocked in to secure jobs in the production line in that enlarged plant.

The actual situation, as it developed, was that before that new plant had been run in to the point of its maximum output, that company found itself in the position where it was laying off some of these recently-hired employees, some of the people who had come there in good faith expecting to find continuous employment. Not only were the workers who had been engaged in the construction of that plant out of work; people who had the expectation of normally steady employment in the production line were also out of work.

I use that example to show that large capital investment in itself is not necessarily any guarantee of continuous and stable employment. I would further suggest that when you find large investments being made by a few perhaps competing corporations simply to improve their own position and secure for themselves a larger share of an existing market, the result of that investment is simply going to be instability and insecurity of employment.

In my opinion the real solution to this problem, as has been suggested by some of the other hon. members who have spoken,

lies in the adoption of investment, trade and industrial management policies which this government have indicated they are not prepared to adopt. Of course the fact that these people are sitting in the seats of government is, as far as I am concerned, an indication that the majority of the Canadian people have not as yet seen the necessity for adopting those policies either. But there is one policy and one principle which I submit this government has accepted as being valid and proper. I refer to the insurance principle.

We have a national unemployment insurance plan. I would say there is no question that the majority of the members of this house have accepted that plan as basically a good idea, and also that the majority of the Canadian people have accepted it as a good idea. The only criticism that arises in respect of it is as to its inadequacies, as many people see them.

What does this plan of unemployment insurance that we have today do? I think that subject was fairly well outlined by the Minister of Labour when he suggested that it provided some protection against what he called frictional unemployment, and against seasonal unemployment. That is perfectly true. While many of us might point out that the amounts payable are in many respects inadequate, we would not deny that it does offer at least some measure of protection to those who become unemployed and who have been contributors to the fund. But I do not think anyone in the house would argue that it is not correct to say there are wide gaps in the coverage provided by the present plan.

There is the question of having to have the required number of contribution days. In the case of the lay-off that took place last summer, to which I referred a few minutes ago, I know that a large percentage of the people caught in that lay-off were recent immigrants to this country who did not have the required number of contribution days under the plan in order to qualify for unemployment insurance. Consequently people whom we had welcomed to this country, people to whom we had opened our doors, in many cases found themselves suffering severe hardship, with no prospect of gainful employment throughout the winter and no prospect of being able to draw unemployment insurance benefits.

I remember quite well an incident that occurred on an airplane trip I made last summer, and I think this is a rather good illustration of what happens to some people who follow the advice given by the Acting Prime Minister and go other places to look for jobs. I was travelling on the plane over a rather rugged section of the west coast of Vancouver island. My seatmate turned to me and said, "See those poor chaps sitting over there on the other side of the plane." I said, "Yes". To me they were obviously people who had come from one of the eastern sections of Canada. He said, "Those four men are going to land in Vancouver within the next half hour, and they are going to land there broke."

These young chaps had followed the dictum of the Acting Prime Minister, and in line with his and another such dictum has gone west, as far west in this country as they could go. They had landed in a logging camp, and had been given jobs. About a week later they were laid off because of the fire season. They had paid their fare there and their fare out. They had paid for their logging boots and other necessary heavy clothing. But they were going to land in Vancouver broke through no fault of their own but rather as the result of their initiative in going to that rather remote part of our country. I doubt very much if those men would receive any help under our present unemployment insurance plan.

If the insurance principle is valid, and if the government is prepared to admit that it is, then I suggest that the time has come to bring the unemployment insurance plan in line with what is the generally accepted concept of insurance coverage. If I take out a life insurance policy this evening and through some misfortune I am not living tomorrow morning, I expect that my wife will be covered by the benefits provided by that plan. I suggest to the Minister of Labour and the government that the time has come when there should be no question in the house and in the minds of the people of Canada about the acceptance of the principle that unemployment insurance should provide such coverage that if a man goes to work and makes only one contribution, he will have become insured and will be able to enjoy the protection of the plan if through no fault of his own he no longer has a job. That is the kind of change in our present unemployment insurance scheme which, while not offering a solution to the unemployment problem, undoubtedly would alleviate much of the distress existing in the country today concerning which the amendment proposed by this group suggests that there should be some action.

I respect the concern of the Minister of Labour, who is responsible for the administration of the unemployment insurance fund, that the fund should be maintained in a sound position. I think there can be no

quarrel with that, but I suggest that the amount of between $900 million and $1 billion now in the fund represents a sufficient cushion to enable the government to make the necessary adjustments and establish a basis which will give greater coverage under an actuarially sound plan. If the predictions of the Acting Prime Minister prove to be correct and the various things he has outlined do produce relatively full employment during the coming year, I suggest that is all the more reason why such a change should be made in the unemployment insurance plan at the present time. If his predictions do not prove to be correct, then I would suggest that again is all the more reason the government should make haste to make adjustments which will provide the proper kind of protection for all people who become unemployed. People who are not covered and people whose benefits are running out need, more than any others, to be brought under the umbrella of a comprehensive insurance plan.

However, even if that kind of change is made in our unemployment insurance scheme it still will not cover much of the unemployment existing in the country today. The plan will still leave protection against unemployment and the problems arising therefrom unprovided in many respects. It will cover seasonal unemployment, frictional unemployment, any unemployment of a relatively temporary nature, but will still leave uncovered all those who become unemployed on a more permanent basis through changes in market demands.

According to statements made from the government benches, the textile and farm implement industries are good examples of industries faced with such a situation. As the Acting Prime Minister said, he sees no prospect of all the people who were employed in the farm implement industry being re-employed. The plan will still leave uncovered people who become unemployed through various technological advances. In this respect I suggest that the situation of the coal miners of the country is a good illustration of what is happening. It still leaves uncovered those who become unemployed through depletion of our natural resources, such as our mines and forests.

I remember a number of years ago a friend telling me that he had walked out of a certain community in British Columbia leaving twelve houses and a steam laundry. He was at that time a man in his middle years, and had to walk away and leave what represented half a lifetime of industry and thrift on his part. Following that, in his middle years he was engaged as a labourer, with no possibility of ever again accumulating the sort of protection for his old age which he had thought he was building up. And if he had been living today—he is not—I am quite sure he would be having to subsist on $40 or $50 a month from an old age pension.

All-wise captains of private industry move in and establish industries. People come flocking to them in good faith, expecting to be able to fill jobs. They build homes and establish communities. In their financial calculations these industries make provision for the depreciation of plant and the depletion of resources, all of which are deductible for income tax purposes. In many cases these plants during a period of adverse market conditions can be placed on a caretaker basis for an indefinite period of time, or can be operated on a restricted scale.

I know that in the section of the country in which I live, for the last number of years industrial plants have been operating to capacity on a two or three shift basis. Overnight that picture could change to a point where half that community would be cut off, simply by a decision that it was necessary to reduce the operation to a single shift basis.

In all of this no provision is made for the protection of the workingman's only capital asset, which is his labour. I would suggest that that is a capital asset which cannot be put in mothballs, like a navy waiting for another war. When a man's labour ceases to bring in returns, everything depending upon it must go by the board. People have simply to walk away from a lifetime of work, leaving everything to rot or in the hands of financial wolves who are only too ready to move in when circumstances of that kind develop.

I suggest it is time to do something more than review our unemployment insurance plan. It is time for the government, in line with its acceptance of the validity of the insurance principle, to launch a new insurance plan, one which I would call re-establishment insurance. This plan would cover those people the Acting Prime Minister has advised to go elsewhere to seek work. It would insure them against the loss of their homes, and against having to walk away and simply leave behind everything they have accumulated over a period of years. It would be a plan which would cover retraining these people in another industry, so they might continue to enjoy a level of income comparable with that which they had in the industry from which they had been squeezed out. It would also cover those workers who have reached advanced years. While they might not yet have reached the point where they were eligible for old

age pensions or benefits of that kind, it would cover their enforced retirement so they could continue living on a decent scale.

A short time ago the government had no hesitation in introducing a provision in a bill to insure mortgages. I suggest there are circumstances in which things more important than mortgages should be insured. To my mind it would be more important to provide insurance which would act as a guarantee of stability for the individual worker, so that he would not have to sacrifice all that he had spent years working for.

If the government agrees with the insurance principle, then I say here is a field into which it could enter at the present time. There is very little quarrel in Canada over the fact that plans which in effect were a form of insurance were made for the re-establishment of veterans returning from the last war. Generally speaking that procedure was acceptable to the people of Canada. It was considered sound and valid, and all across the country we have seen beneficial results flowing from it.

I see no reason why some expert study should not make it possible to work out a plan on an actuarially sound basis which would provide a similar kind of insurance for people who have been displaced in industry because of technological change, changes in trade policies of the government, activities of competitive industries in other countries, or any of those other things which are certainly far beyond the control of the individual working man. Without trying to go into detail as to how it could be worked out actuarially, I suggest such a plan could be financed at least in part by a depletion allowance taken from industries when they are created, such sums to be paid into a public reserve fund instead of a private fund, in the manner in which funds for the depreciation of plant and the depletion of natural resources are allocated.

What I have been saying is in line with the one point upon which I was pleased to note the hon. member for Cape Breton South, the Acting Prime Minister and the Minister of Finance seemed to be in complete agreement, and that was that unemployment was important even to one unemployed person, in so far as that individual himself was concerned. In the light of statements made by various ministers in which they have set forth in general terms the manner in which they are willing to act, I suggest the matters I have brought to the attention of the house are such as to merit serious consideration by the government at this time.

If nothing else is accomplished in this debate, I would hope that it would result in the government bringing forward some concrete proposals which at least would insure the people against unemployment, even though it would appear that the government is not prepared to do anything to prevent this situation developing.

The house divided on the amendment to the amendment (Mr. Gillis) which was negatived on the following division:

YEAS

Messrs:

Adamson
Aitken, Miss
Argue
Balcer
Barnett
Bell
Blackmore
Blair
Brooks
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Castleden
Charlton
Churchill
Dinsdale
Drew
Fair
Fairclough, Mrs.
Ferguson
Fraser (Peterborough)
Gagnon
Gillis
Girard
Hahn
Hamilton
Hansell
Harkness
Hees
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Leboe
Lennard
Macdonnell
MacInnis
MacLean
McCullough (Moose Mountain)
McGregor
McLeod
Michener
Murphy (Lambton West)
Nesbitt
Nicholson
Nowlan
Pearkes
Perron
Poulin
Quelch
Regier
Robinson (Bruce)
Rowe
Shaw
Small
Stewart (Winnipeg North)
Trainor
Tustin
White (Hastings-Frontenac)
White (Middlesex East)
Winch
Yuill
Zaplitny—68.

NAYS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Balcom
Batten
Benidickson
Boisvert
Boivin
Bonnier
Boucher (Chateauguay-Huntingdon-Laprairie)
Bourget
Bourque
Breton
Brisson
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Caron
Carter
Cauchon
Cavers
Chevrier
Cloutier
Conacher
Cote
Croll
Dechene
Denis
Deschatelets
Deslieres
Dickey
Dumas
Dupuis
Enfield
Eyre
Fairey
Follwell
Fontaine
Forgie
Fraser (St. John's East)
Garson

Proposed Committee on Unemployment

Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Hardie
Harris
Harrison
Healy
Henderson
Henry
Hollingworth
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Gaspe)
Leduc
Lefrançois
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
MacNaught
McCann
McCubbin
McCulloch (Pictou)
McDonald
McIlraith
McIvor
McMillan
Mang
Martin
Meunier
Mitchell (Sudbury)
Monette
Nixon
Philpott
Pickersgill
Pinard
Pommer
Pouliot
Power (Quebec South)
Power (St. John's West)
Proudfoot
Purdy
Ratelle
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Robichaud
Robinson (Simcoe East)
Ross
Rouleau
Schneider
Shipley, Mrs.
Simmons
Smith
Stick
Stuart (Charlotte)
Thibault
Tucker
Valois
Viau
Villeneuve
Weir
Weselak
White (Waterloo South)
Winters
Wood—129.

Mr. Wylie: I was paired with the hon. member for Burnaby-Richmond (Mr. Goode). Had I voted, I would have voted for the amendment to the amendment.

On motion of Mr. Macdonnell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the second reading of the amendment to the Export Credits Insurance Act and then the Criminal Code.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, February 24, 1954

The house met at 2.30 p.m.

HOUSE OF COMMONS

CIVIL SERVICE COMMISSION—APPROVAL OF REPORT CONCERNING PARLIAMENTARY LIBRARY EMPLOYEES

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the house will have noticed that on Monday the Speaker laid before the house a report of the civil service commission with respect to the revision of salaries in the parliamentary library. By leave of the house, therefore, I should like to move:

That the report of the civil service commission respecting revisions in the salary ranges of certain employees of the library of parliament, laid upon the table of the house, Monday, February 22, 1954, be now approved.

Motion agreed to.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petitions for private bills, presented respectively on February 10, 18 and 23, 1954, together with the reports made thereon by the clerk of petitions on February 11, 19 and 24, 1954, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable, namely:

1. Of Ronald Arthur Leslie, divorce;
2. Of Arthur Hamilton Johnston and others for an act to incorporate Baloise Fire Insurance Company of Canada, Limited;
3. Of Claude Raphael Sacchitelle, divorce.

Motion agreed to.

FIRST READINGS—SENATE BILLS

Bill No. 298, for the relief of Alfred Rubens.—Mr. Hunter.

Bill No. 299, for the relief of Clara Stein Rosenberg.—Mr. Hunter.

Bill No. 300, for the relief of Birdie Gladys Schwarz Bard Yudelson.—Mr. Hunter.

Bill No. 301, for the relief of Lilli Schwab Barber.—Mr. Hunter.

Bill No. 302, for the relief of Laura Fanny Hoddinott Peckford.—Mr. Hunter.

Bill No. 303, for the relief of Michael Samulack.—Mr. Hunter.

Bill No. 304, for the relief of Natalie Wynohradnyk Wolcovitch.—Mr. Hunter.

Bill No. 305, for the relief of Joan Bechard Tutty Copeland.—Mr. Hunter.

Bill No. 306, for the relief of Georgette Mertens Herscovitch.—Mr. Hunter.

Bill No. 307, for the relief of Mary Veronica Carmichael Mosher.—Mr. Hunter.

Bill No. 308, for the relief of George Thomas LeGrow.—Mr. Hunter.

Bill No. 309, for the relief of Marie-Reine Roy Laflamme.—Mr. Hunter.

Bill No. 310, for the relief of Gabrielle Gagne Nantel.—Mr. Hunter.

Bill No. 311, for the relief of Velma Mackland Giles Boyer.—Mr. Hunter.

Bill No. 312, for the relief of Bessie Katz Elman.—Mr. Hunter.

QUESTIONS

CANADIAN NATIONAL RAILWAYS—BASIC PENSION

Mr. Diefenbaker:

1. Has the government given consideration to the request of the retired Canadian National Railways veterans association for an increase to retired employees of the Canadian National Railways who are receiving only the basic pension of $25 per month?
2. If so, has a decision been made as to whether legislation will be introduced at the present session to provide for such increase?

Mr. Chevrier: I should like to answer this orally, if I may. The question is of the same nature as that asked by the hon. member for Winnipeg North Centre (Mr. Knowles) first in November last and again in January. On both occasions he agreed to withdraw his question on the understanding that he would renew it at the time certain statistical data he was also requesting would be ready, which will probably not be for some weeks yet.

The request of the retired Canadian National Railways veterans association for an increase in the basic pension granted to retired employees of the Canadian National Railways has been received, but there has been no change in the position since it was fully discussed in the house and in the railways and shipping committee in 1952.

ARMED FORCES—OFFICERS RELEASED

Mr. Harkness:

1. How many officers of the Royal Canadian Navy have been released, or have been given notice during the past year that they will be released, because there is a surplus in their rank to the authorized establishment?

Questions

2. Have similar releases, or notices of release of officers taken place in the Canadian army and in the Royal Canadian Air Force? If so, what are the numbers?

3. What are the ranks in which this action has been taken, and how many officers are affected in each rank?

Mr. Blanchette:

1. None.

2. No.

3. Not applicable.

BRITISH EMPIRE GAMES—BROADCASTING

Mr. Diefenbaker:

1. Has the Canadian Broadcasting Corporation entered into a contract to broadcast the British Empire games to be held in Vancouver this summer?

2. If so, what is the price to be paid?

Mr. McCann:

1. Yes. The franchise covers world rights for sound radio, television, and motion picture coverage.

2. $50,000.

CANADIAN NAVY—"WAR AT SEA"

Mr. Fulton:

1. Did the Department of National Defence expend any funds for the purpose of securing any coverage of the role played by the Royal Canadian Navy in world war II, in the Columbia Broadcasting System production "War at Sea"?

2. Did this production deal mainly with the role of the United States navy?

3. How much was paid to secure mention of the role of the Royal Canadian Navy?

4. Approximately what percentage of the total coverage of the production was devoted to the Royal Canadian Navy?

Mr. Blanchette:

1. No. In co-operation with the United States navy, the National Broadcasting Company produced a film, "Victory at Sea", dealing principally with the role of the United States navy. It is understood that 14 other nations, including Canada, were asked to contribute film records of the work of their navies. To meet this request in behalf of an allied power, selected film from the library of the national film board was made available and some of this was used. The cost of this film of $1,651.22 was paid by the Department of National Defence.

2. Yes.

3. Nothing.

4. Approximately 2 per cent to 4 per cent.

CANADIAN BROADCASTING CORPORATION—EMPIRE GAMES

Mr. Fulton:

1. Did the Canadian Broadcasting Corporation enter a bid for exclusive rights to radio, television, motion picture and photographic coverage of the forthcoming British Empire games at Vancouver, or for any such rights?

[Mr. Harkness.]

2. If so, was the bid wholly or partly successful?

3. What are the particulars of the successful portion or portions, and the amounts involved?

4. If a tender was entered as to motion picture or photographic rights, on what basis was it decided that the Canadian Broadcasting Corporation should interest itself in this field, and how is it proposed to handle these rights?

5. If no bid was entered for motion picture or photographic rights as such, will the effect of such rights as have been granted be to exclude any other person or concern from obtaining the right to take motion pictures or photographs of the games for commercial use?

Mr. McCann:

1. The Canadian Broadcasting Corporation first entered a bid for the right to broadcast the British Empire games by sound and television. It later found that sale of inclusive world rights for radio, television and motion picture coverage in one unit was being considered, and it felt it should bid for this in competition with private advertising interests in order to assure good sound and television broadcasting coverage in Canada and other commonwealth countries. The latter bid for this at $50,000 was successful. The franchise of the corporation does not include rights for news coverage. It does include still photographs for use in conjunction with television and theatrical exhibition. Parties interested in motion picture coverage can apply to the corporation.

2, 3, 4 and 5. See answer to No. 1.

DOMINION BONDS PURCHASED BY U.S. CITIZENS

Mr. Quelch:

What is the amount of dominion bonds purchased by American citizens non-resident in Canada, in each of the years from 1946 to 1953?

Mr. Dickey:

Detailed information not available as requested but the annual changes in holdings by United States residents of government of Canada direct funded debt are estimated as follows:

(Millions of dollars)

1946	+ 19
1947	— 36
1948	+110
1949	+ 69
1950	+165
1951	—122
1952	—140
1953	—130

(preliminary)

These changes reflect international trading in outstanding issues, sales of new issues, and retirements, as well as estimated effects of migration, inheritances, etc.

Questions

WHEAT PRICES, LIVERPOOL AND FORT WILLIAM

Mr. Thatcher:

1. What was the date of the last sale of No. 1 northern wheat on the Liverpool grain exchange?
2. What was the price per bushel of this wheat sale?
3. On the same date, what price was the Canadian wheat board offering to sell No. 1 northern wheat f.o.b. Fort William?

Mr. Dickey:

1. As the Canadian wheat board does not sell wheat on the Liverpool grain exchange, the government has no knowledge as to the date of the last sale of No. 1 northern wheat on the Liverpool grain exchange.

2. See answer to No. 1.

3. See answer to No. 1.

BRITISH EMPIRE GAMES—BROADCASTING

Mr. Diefenbaker:

1. Will private radio broadcasting companies be permitted by the Canadian Broadcasting Corporation to broadcast from the British Empire games in Vancouver during the coming summer?
2. If so, will actuality broadcasts or descriptions of the games recorded on tape require specific permission from the Canadian Broadcasting Corporation before the same can be put on the air?
3. If live broadcasts by private radio are commercially sponsored, will payment be asked for by the Canadian Broadcasting Corporation?
4. Has the Canadian Broadcasting Corporation any plans whereby it can recover or be reimbursed for the price paid, or obligated to be paid, by the Canadian Broadcasting Corporation to the British Empire games committee?
5. If so, how much of the said contract price does the Canadian Broadcasting Corporation expect to recover, and by what means?
6. To what extent will routine newspaper coverage of the games be restricted or affected by the terms of the contract between the British Empire games committee and the Canadian Broadcasting Corporation?

Mr. McCann:

1. Yes, on a sustaining basis subject to prior permission from the corporation in order to co-ordinate use of facilities.

2. See answer to No. 1.

3. Yes.

4. Yes.

5. The corporation expects to recover part of the contract price through payments from other broadcasting, film and commercial interests. The amount cannot yet be determined.

6. Routine newspaper coverage will not be affected at all.

WEST KILDONAN, MANITOBA, SUB-POST OFFICES

Mr. Stewart (Winnipeg North):

1. Have any changes taken place this year in sub-post offices in West Kildonan?
2. If so, what changes and who were the applicants for a sub-post office?
3. Were petitions presented to the department advocating any particular location for a sub-post office?
4. If so, on whose behalf were such petitions signed?
5. How many signatures were there on the petitions?
6. Was the final decision made as to any changes, in Ottawa or Winnipeg?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. Yes.

2. Winnipeg-Kildonan West was moved to another site with a new sub-postmaster following the resignation of the previous incumbent.

The applicants were:

Myron Hunter (Hrankowski), 1785 Main St.; A. E. Beek, 1757 Main St.; W. R. Gunn, 1839 Main St.

3 and 4. Yes—favouring Beeks Pharmacy, 1757 Main St.

5. 109.

6. Ottawa.

BUTTER PRODUCTION AND CONSUMPTION

Mr. Boisvert:

1. What was the production of butter in Canada, by provinces, for the following years: 1950, 1951, 1952 and 1953?
2. What was the consumption of butter per capita in Canada, during the same years?

Mr. Dickey:

1.

Creamery butter production

	1950	1951	1952	1953
	thousand pounds			
Canada. . . .	261,464	257,165	280,746	302,606
P. E. I. . . .	4,626	5,012	4,886	5,727
N. S.	5,927	5,080	4,953	6,079
N. B.	7,320	6,767	6,969	7,988
Quebec. . . .	87,488	91,363	102,346	112,179
Ontario . . .	68,699	67,137	78,915	82,622
Manitoba. . .	22,522	22,277	23,549	24,992
Sask.	28,972	27,903	27,811	27,660
Alberta . . .	31,238	28,960	27,647	29,993
B. C.	4,672	2,666	3,670	5,366

2.

Per capita consumption of creamery butter in Canada

	Pounds
1950	19·98
1951	19·17
1952	19·05
1953	19·32*

* Preliminary

FEDERAL BUILDING, SMITHERS, B.C.

Mr. Green:

1. What price was paid for the property in Smithers, British Columbia, upon which a federal building has been erected?

2. From whom was such property purchased?
3. What was the date of purchase?

Mr. Winters:

1. $2,000.
2. Benevolent and protective order of elks.
3. June 15, 1950.

FISHERIES ADMINISTRATION, P.E.I.

Mr. Kickham:

How much money was spent in the province of Prince Edward Island since 1946 in connection with all administration services of the federal Department of Fisheries?

Mr. MacNaught:

Fiscal Year	Expenditure
1946-47	$ 229,194.02
1947-48	196,008.28
1948-49	229,194.51
1949-50	303,822.38
1950-51	296,748.03
1951-52	304,578.60
1952-53	306,489.37
Grand Total	$1,866.035.19

QUESTIONS PASSED AS ORDERS FOR RETURNS

BENEFITS TO THE BLIND

Mr. Knowles:

1. How many persons, by provinces, are in receipt of pensions under the provisions of the Blind Persons Act?
2. What is the average monthly payment, by provinces, being made under the provisions of the Blind Persons Act?
3. Are any persons 70 years of age or over in receipt of pensions under the provisions of the Blind Persons Act?
4. How many blind persons are in receipt of pensions under the provisions of the Old Age Security Act?
5. How many persons in receipt of pensions for blindness, under the provisions of the former old age pensions act, as at December 31, 1951, have been transferred to pensions under the provisions of the Old Age Security Act?
6. Are any benefits or provisions accorded by federal legislation to blind persons under 70 years of age, other than the means test pension under the provisions of the Blind Persons Act?
7. Are any benefits or provisions accorded by federal legislation to blind persons 70 years of age or over, other than the $40 pension under the provisions of the Old Age Security Act?

CANADIAN INSURANCE COMPANIES

Mr. Pouliot:

1. What is the total amount of the assets and investments of the life insurance companies in Canada?
2. To what extent did they co-operate with the Central Mortgage and Housing Corporation to provide loans for housing?
3. What is the total amount of the assets and investments of the fire insurance companies in Canada?

[Mr. Green.]

4. To what extent did they co-operate with the Central Mortgage and Housing Corporation to provide loans for housing?

EXPERIMENTAL STATIONS, PRINCE EDWARD ISLAND

Mr. Kickham:

How much money has been spent by the federal government in Prince Edward Island since 1946 in connection with the experimental station at Charlottetown and other illustrative stations in the province, including rentals and salaries of personnel?

FLUORSPAR IMPORTS

Mr. White (Hastings-Frontenac):

1. From what countries does Canada import fluorspar?
2. What was the total amount (a) by tons; (b) by dollars, of fluorspar imported into Canada from each of these countries, during the years 1948 to 1953 inclusive?
3. What was the rate of duty on fluorspar?

TALC IMPORTS

Mr. White (Hastings-Frontenac):

1. From what countries does Canada import talc?
2. What was the total amount (a) by tons; (b) by dollars, of talc imported into Canada from each of these countries, during the years 1948 to 1953 inclusive?
3. What was the rate of duty on talc?

UNEMPLOYMENT

Mr. Dinsdale:

1. What are the unemployment figures in Canada for each year since 1929?
2. What sums were paid out from the federal treasury in unemployment relief each year from 1929 until the inauguration of the Unemployment Insurance Act?
3. What sums have been paid out annually in unemployment insurance benefits since the inauguration of the scheme?

LIQUOR—TAXES AND SALES

Mr. McCullough (Moose Mountain):

1. How much was collected by the government from various taxes on liquor in 1953; (a) wines; (b) beer; (c) spirits?
2. What was the total value of liquor sales in Canada in 1953?

MOTOR VEHICLES—TAXES

Mr. McCullough (Moose Mountain):

How much was collected by the government in the year 1953, by provinces, from (a) sales tax on motor vehicles; (b) excise tax on motor vehicles; (c) customs duty on motor vehicles?

UNEMPLOYMENT INSURANCE BENEFITS, P.E.I.

Mr. Kickham:

How much money was paid out in the province of Prince Edward Island since 1946 in connection with unemployment insurance benefits, including administration, rentals and salaries of personnel?

ST. LAWRENCE SEAWAY

INQUIRY AS TO POSSIBLE EFFECTS OF DIVERSION AT CHICAGO

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I have a question for the Minister of Transport. If the legislation recently passed by the House of Representatives in the United States permitting Chicago to make a water diversion from the St. Lawrence watershed becomes law and is acted upon, will it prejudice the seaway or power projects?

Mr. Speaker: That is a hypothetical question, and it is not in order to ask such questions. There would be no point to the question if the legislation contemplated does not pass. I would imagine that if the legislation had been passed the hon. member could ask what would be its effect, but the hon. member is basing his question upon the possibility of the legislation passing.

Mr. Green: If I may point out to Your Honour, I believe that Canada has made strong representations against this legislation. It is a very urgent matter and time is of the essence. I would ask that the minister be allowed to answer the question which is of great importance to Canada.

Mr. Howe (Port Arthur): Ask the question.

Mr. Speaker: If the minister feels that he can comment upon it, all right; I leave it to him.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I agree fully that the question is based upon what is likely to happen in congress, and whether or not congress does approve of the application for the diversion of certain waters. I would hesitate to make any comment upon it, but should congress approve of the diversion, against which Canada has protested very vigorously through the office of the minister of external affairs, I would say that I am informed that it would have some effect on power but little effect on navigation.

When one realizes that the application is for the diversion of 1,000 c.f.s. for a trial period of three years and the present flow in this month of the year is 240,000 c.f.s., one can make a calculation as to just what the effect will be. The engineers inform me that from the point of view of power it will mean a loss of 31,000 horsepower to Canada, about one-half of it at Niagara, and it will have a slight effect in lowering the levels. To answer the hon. member's question, in so far as what the prejudicial effect may be upon the St. Lawrence seaway is concerned, I would say that it will reduce power to the extent that I have mentioned but would have little effect upon the navigational features of the St. Lawrence seaway.

INQUIRY AS TO LITIGATION IN UNITED STATES COURTS

On the orders of the day:

Mr. F. A. Enfield (York-Scarborough): Mr. Speaker, I should like to address a question to the Minister of Transport. Can he tell us the present status of the litigation in the United States courts regarding the licensing of the power authority of the state of New York as federal agent to carry out the power phase of the St. Lawrence seaway project? Can he also give us a reliable estimate as to when the final judgment of the United States courts will be rendered?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member was kind enough to send me notice of his intention to ask this question. It is rather difficult for me to answer, because when one attempts to say with any degree of reliability when a judgment is likely to be handed down in one's own country the answer is difficult to give. But when it has to do with another country it is even more difficult.

However, in order to assist the hon. member, perhaps I can say that the licence which was applied for by the power authority of the state of New York to the federal power commission has been granted. From this grant there was an appeal by three different groups to the court of appeals of the district of Columbia at Washington and three appeals have been dismissed by that court. One of the appellants has since withdrawn from the case but there is a period of 90 days for appeal by the two remaining parties from the court of appeals to the Supreme Court of the United States. The period of 90 days runs from February 19. I am afraid I cannot enlighten the hon. member further except to say that I hope there will be a rapid and favourable disposal of the case by the court of last analysis.

EXTERNAL AFFAIRS

OPPOSITION BY INDIA TO UNITED STATES SUPPLYING ARMS TO PAKISTAN

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, on Monday last I addressed a question to the Acting Prime Minister (Mr. Howe) which I think should more properly have been addressed to the minister of external affairs. Because of the very conflicting reports of the matter to which I referred I should like to

ask him now whether or not the newspaper reports are correct that the Prime Minister will deal with India's opposition to reported plans of the United States to supply arms to Pakistan. I added, as reported on page 2301 of *Hansard*:

> In view of remarks also attributed to the Prime Minister in Pakistan, will the government inform the house of its policy about a matter which is causing concern to friends of both India and Pakistan.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, the suggestion in the press statement that the Prime Minister had dealt with or was intending to deal with this matter of United States aid to Pakistan, in the sense that he was intervening in discussions in Karachi or New Delhi, is inaccurate. It is quite true that he has had talks at New Delhi and Pakistan with members of those governments, and in the course of these talks that subject may well have arisen. But it is certainly not the intention of the Prime Minister to deal with it in any way which would constitute intervention in this matter.

ALLEGED STATEMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I direct another question to the minister of external affairs, and I do this because of the interest which has been raised by the questions asked earlier. The suggestion has been made that the minister pledged Canadian help to the United States in the event of war. He is reported to have said:

> We range ourselves on the side of freedom, under the leadership of the United States of America.

I have now read the minister's speech and I think it would be well if he would elucidate the report.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, this morning I sent a copy of the statement in question to my hon. friend and also to the Leader of the Opposition (Mr. Drew) who had expressed interest in this matter. I think that in reading the text those hon. members will feel, as I do, that there was nothing in that speech which would justify the interpretation given to it by certain press accounts. To make that quite clear I think possibly I had better put on the record the last paragraphs of this statement as so much attention seems to have been devoted to it. I said in the statement which I made at Rollins College, Florida:

> You will find Canada no automatic "yes man" but a staunch and loyal friend, especially in time of difficulty.

I went on to give some evidence of that in peace and war, and then I finished my statement as follows:

> Canada is a young country, crying out for development; a country of vast distances, expensive and difficult to govern and to administer. Hers is not a determining voice when the big international decisions are to be made, nor will her contribution be decisive in the conference room or where the conflict rages. It might therefore be tempting to try to stand aside in any struggle between the giants and excuse that course by arguing that those who call the tune should pay the piper.
>
> But that is not the way we feel about it. The conflict today is not between empires, or between one super-power and another, but between freedom and slavery, despotism and democracy, right and wrong. So we range ourselves on the side of freedom, under the leadership of the United States of America, and we will play, I hope, a good part in the long and unending fight for peace and a decent world.

[*Later:*]

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I would like to direct a supplementary question to the Secretary of State for External Affairs. At what time did this government decide that the United States had taken the place of Great Britain as the leading nation in the struggle for freedom?

AGRICULTURE

INQUIRY AS TO OBSERVER AT INTERNATIONAL CONFERENCE OF FARM ORGANIZATIONS

On the orders of the day:

Mr. E. G. Hansell (Macleod): May I direct a question to the right hon. Minister of Agriculture. Does the government have a representative or an observer at the international conference of farm organizations presently meeting in Washington and, if so, would the minister care to make a statement on the matter?

Right. Hon. J. G. Gardiner (Minister of Agriculture): The answer to the question is no, but I might enlarge upon it by saying that Mr. Hannam did inform me some time before the meeting that it was going to be held and that they would be represented in Washington. At no time was any suggestion made that the government should be represented. I think the reason is obvious. If that meeting decides upon anything, no doubt representations will be made to the governments at Washington and here, so I doubt if it would be appropriate for us to be represented there.

HOUSING

INQUIRY AS TO ANNOUNCEMENT OF MORTGAGE INTEREST RATES

On the orders of the day:

Mr. George H. Hees (Broadview): Could the Minister of Public Works advise when the government expects to be able to announce the interest rate to be charged on National Housing Act mortgages?

Hon. Robert H. Winters (Minister of Public Works): It will be necessary first of all to have the bill passed and I would hope that that could be done at the earliest possible date.

INQUIRY FOR RETURN

ALLUMETTE ISLAND-PEMBROKE BRIDGE

On the orders of the day:

Mr. J. H. Proudfoot (Pontiac-Timiskaming): Is the Minister of Public Works in a position to table copies of correspondence exchanged between the provincial governments of Ontario and Quebec and the federal government relative to the proposed Allumette island-Pembroke bridge, which was passed as an order for return last December 7?

Hon. Robert H. Winters (Minister of Public Works): The house will recall that this motion was passed subject to the reservation that it would be necessary to obtain the consent of the provincial governments concerned. We have that consent from the government of Ontario but have not yet received it from the government of Quebec.

Mr. Proudfoot: Could the minister say just what correspondence he has had with Quebec? Was it by letter or telegram?

Mr. Winters: I dispatched several communications. I wrote the minister of highways, Mr. Talbot, on December 8. He replied saying that the communication should more appropriately be directed to his colleague the minister of public works, and that he was so doing. I wrote to Mr. Lorrain on the 12th of January. I wrote to him again on February 2 and sent him a telegram on February 16, and I have no reply.

Mr. Proudfoot: Pending receipt of the necessary permission from the province of Quebec, would the minister table the correspondence between the federal government and the province of Ontario pertaining to this bridge?

Mr. Winters: I shall be very glad to do that.

Mr. M. J. Coldwell (Rosetown-Biggar): Might I ask, Mr. Speaker, to what extent this courtesy is to be extended? It seems to me that if the hon. member is to be given the reply, then in the interests of the house and the public the minister should table that return if the provincial government does not respond to this parliament's act of courtesy.

LABOUR CONDITIONS

NUMBER OF PERSONS ON SHORT TIME IN TEXTILE INDUSTRY

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I would like to address a question to the Minister of Labour and I trust he will take this as notice. Has the Minister of Labour any recent information with respect to the number of persons on short time in the textile industry?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I will take notice of that question.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CHANGE IN WEDGE CAP INSIGNIA

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I would like to ask the Minister of National Defence whether he is yet in a position to reply to the question I asked a week ago Monday concerning the badge of the Royal Canadian Air Force.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I am not yet in a position to reply.

TRANS-CANADA HIGHWAY

INQUIRY AS TO PAYMENT OF SUBCONTRACTOR

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Public Works. I did not give him notice because he does not require it. I received an urgent request from a man who subcontracted on the trans-Canada highway—

Some hon. Members: Order.

Mr. McIvor:—and he wants to be paid. I am asking the minister, to whom shall I direct his plea for payment? Is it to be directed to him or to whom?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, contracts for the trans-Canada highway are awarded by the provincial governments, and I would therefore suggest that the hon. member advise his friend to direct his plea to the provincial government.

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO INCREASE AUTHORIZED CAPITAL STOCK, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 295, to amend the Export Credits Insurance Act.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, there is not much that can be added to the very full statement made by the minister in moving the resolution preceding this legislation, but perhaps it might be helpful to hon. members if I were to deal briefly with various points raised during the debate on the resolution stage.

One of the questions asked was whether the corporation would agree to insure shipments to so-called iron curtain countries, and also whether any business of this nature had been turned down. As the minister pointed out in the debate on the resolution, the main criterion which is employed by the corporation in dealing with applications for the insurance of exports is whether it can be reasonably anticipated that the purchase price of these exports will be paid on the due date.

Naturally, the corporation has to consider other matters such as the proposed terms of payment and the nature of the commodity concerned. But the important and essential consideration is whether they think in their judgment the account will be paid when due.

The corporation has insured shipments aggregating $3,800,000 to Czechoslovakia and some $600,000 to Poland. Most of the commodities covered by these figures were moved during the years 1948, 1949 and 1950. Some $138,000 was insured to China but that was prior to the establishment of the red regime. I think, Mr. Speaker, it should be emphasized once again that so far as the corporation is concerned there are no restrictions and they will insure exports to all countries. As long as an exporter can get an export permit, and as long as the sale is considered to be an insurable risk from the point of view of the corporation, there is no reason why that insurance should not be provided.

However, as the house is aware, there are other agencies of government which have the responsibility of deciding whether an export permit to iron curtain countries should be granted.

The hon. member for Greenwood (Mr. Macdonnell) has asked if figures could be given covering the approximate amount of business outstanding at any one moment. In answer to that, Mr. Speaker, I might say that under the policies in force at December 31, 1953, the corporation had a maximum liability of about $31 million. This liability is set at 50 per cent of the total shipments an exporter expects to make during the currency of his policy, and accordingly that figure is based on anticipated exports of about $60 million. Today, as of this date, the maximum liability of the corporation under all policies in force is $37·6 million.

This figure is the maximum amount the corporation could be called upon to pay. While the corporation cannot tell what might be actually outstanding from day to day, I am advised that a reasonable guess might be that it would be somewhere in the order of $15 million. In other words, that is the amount the corporation might have to pay out in claims today if all the outstanding accounts with respect to all commodities and to all countries were to go bad at once. The provision of the additional capital proposed in the present bill will enable the corporation to insure additional exports even where the concentration of risk in individual countries is greater than it can handle under the present capitalization.

In looking at the volume of business the corporation has covered in relation to Canada's total exports, it should not be forgotten that the corporation does not generally insure exports to the United States of America. There is a private insurance company which insures credit risks on shipments between Canada and the United States. It is for that reason that the corporation does not generally insure exports to that country. For this reason two-thirds of Canada's total exports are not eligible for insurance under the corporation. Similarly, many of Canada's major exports such as wheat, newsprint and metal are sold on a cash basis, and accordingly no insurance is required.

Some time ago the corporation made a detailed analysis of the maximum volume of business that they might reasonably hope to do, and the conclusion at which they arrived was that at that time they were covering approximately 50 per cent of the available business. A few weeks ago the corporation had serious inquiries on hand for insurance covering prospective sales of capital goods totalling some $110 million to several countries. Of this total, $9 million has already materialized; that has occurred in a period of about two weeks. This is export business that the manufacturers would not have taken themselves had the facilities of the corporation not been available to protect them against the possibility of non-payment by the foreign purchaser.

I think it should be reiterated, Mr. Speaker, that there are no private insurance companies anywhere in the world carrying on the type of business done by the corporation. In other countries where similar insurance protection is provided, it is invariably done through the medium of a government department, a government-owned company or a company with direct government backing.

I should like to advise hon. members that at the committee stage an additional amendment will be proposed. It is an amendment which is consequential upon the amendments contained in the printed bill. I will explain it more fully at the committee stage.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I am grateful to the parliamentary assistant for the statement which he has made. If my memory serves me correctly, it covered practically all of the questions asked at the resolution stage except the one with regard to the Ming Sung affair. Perhaps that matter can be raised when we get into committee again.

As I think I pointed out the other day, this corporation was brought into existence with the approbation, I think, of everyone in the house and with high hopes for its success. I think it is fair to say that it has succeeded. It has had the advantage of some able and senior civil servants at the head of it as executive officers. It has also had the advantage of the advice of the board which has included a wide range of businessmen. Further, I think it is fair to say—as the parliamentary assistant has already said—that it has covered a field which is not covered by private enterprise because of the unpredictable risks which are involved.

The parliamentary assistant has explained that a good deal of the export business is not subject to insurance because it is done on a cash basis. He has also explained that exports to the United States are not included. That statement goes far to explain what would otherwise be a disappointing total. When I first heard the total of $235 million or thereabouts, as the statement of the business over the years, I was disappointed. But when one takes these other matters into account, I think the disappointment is inclined to be less. It is perhaps more disappointing that the business has actually been shrinking in the last three years. The rough figures are as follows, beginning with 1949. In 1949 the total was $36 million; 1950, $33 million; 1951, $49 million and 1952, $36 million; and for the first eight months of 1953, $15 million or just over $20 million for the year. I take it that the simple explanation of that shrinkage, particularly in 1953, is that our exports to the countries where the business was being done are substantially down. For example, if you look at Latin America, where a good deal of the insuring was done, the figures are as follows: In 1950, the total was $12 million; in 1951, $17 million; in 1952, $15 million and in 1953, for eight months, $8 million.

One might have thought that with business showing a shrinkage and not an expansion, it would be rather unnatural to come and ask for additional capital. But on that point the minister the other day gave an explanation from which I should like to read briefly because I think it is important that we should have that point covered. I think the minister has covered it. In the debate the other day, as reported at page 2218 of *Hansard*, the minister said:

> In considering applications for insurance the board must exercise reasonable prudence, and it feels it cannot take on liabilities in any one foreign country which may be excessive in relation to its capital. Accordingly the present capital limits the corporation's effective scope particularly because today's pattern of sales of agricultural equipment and capital goods such as locomotives tends to concentrate large sums at risk in individual countries. While it is not practicable to determine the precise extent to which the corporation should commit itself in any one market, as an example the corporation was recently asked to consider a program involving several million dollars in one country on normal payment terms. But it was already committed in that country to the extent of about $5 million. This additional business would obviously involve too great a concentration of risk in relation to its $10 million capital. And yet it is this type of business which the corporation was originally set up to encourage.

I remark again in passing that the figures of the corporation do not include the Ming Sung transaction, which was under part II of the legislation and which was carried out by the Minister of Finance (Mr. Abbott) with no relation whatever to the operations of the Export Credits Insurance Act.

One point on which I should like to make a few comments was raised the other day. I refer to trade beyond the iron curtain with respect to which the minister answered a question and which the parliamentary assistant has also mentioned. In answer to a question on that point the minister said, as recorded at page 2170 of *Hansard* of February 17:

> Trade between Canada and any country behind the iron curtain is carried on subject to permit. In other words a permit must be issued by my department for any transaction concerning exports to those countries. There has never been any prohibition against trade in certain commodities, while there is a definite prohibition against trade in commodities that are on the restricted list. I refer to strategic materials. Subject to that reservation, if any Canadian merchants can arrange trade with Soviet Russia, his application will be considered by the department.

Further on he said:

. . . the government will be glad to consider the nature of the transaction and either to issue a permit or not do so, as the circumstances warrant.

I am not going to dwell on the matter of strategic materials. I suppose if you want to press the definition to the utmost you can argue that almost anything is a strategic material to the extent that it helps the economy of the importing country. But I am not going to pursue that at the moment. As to the general desirability of trade beyond the iron curtain, it seems to me in the broad that if there are any genuine signs of wanting to trade we should be responsive to them, and I emphasize the word "genuine". It does not seem to me there is much hope for peace and a quiet life as long as our chief joint occupations with people beyond the iron curtain are to make faces at each other and listen while they call us names.

Therefore I say that we should trade when there are genuine opportunities. However, on that point there is a great deal of room for uncertainty, and as I think the matter important I want to put on the record one or two short statements from London which I have run across and which seem sensible to me on this point. I read them into the record for two reasons, first of all because I think we should not allow ourselves to exaggerate the possibilities of this trade, and second, because I think it is desirable to have on the record what has been and what apparently is the attitude of business and government in Great Britain inasmuch as there have been rather loose statements made as to the attitude of the United Kingdom and perhaps other European countries towards trade beyond the iron curtain. I wish to read briefly first from an article which appeared recently in the *Daily Telegraph* of London. It is by David Floyd, who is the *Daily Telegraph* special correspondent on communist affairs. He has this to say:

The steady post-war decline in the volume of trade between east and west probably slowed down during 1953, although precise figures are not yet available. We know that the Soviet government, having appeared in a more reasonable frame of mind at the Geneva conference on east-west trade in April last year, concluded a series of bilateral trading agreements with eleven non-communist countries including Iran, France, Sweden, Greece, Argentina, Italy and Egypt.

Dr. Gunnar Myrdal, the director of the economic commission for Europe and an untiring advocate of east-west trade, is about to leave for Moscow, convinced that the Russians are genuinely anxious to extend trade. It is reported that the Soviet government is prepared to allow a group of British businessmen to visit Moscow privately, without the help of communist sponsored "promotion committees".

[Mr. Macdonnell.]

Further on in the same article he says:

Interested propaganda of the left would have us believe that the countries of the Soviet bloc and communist China represent vast and ever-expanding markets for the products of western manufacturers and an inexhaustible source of much-needed foodstuffs and raw materials. This is far from the truth. Even before the last war, the countries which now constitute the Soviet bloc accounted for less than 3 per cent of total British exports and for only 5 per cent of our imports.

After the war, but before the Labour government imposed restrictions on the export of strategic goods in April, 1949, the relative importance of this trade declined still further. In 1948 the communist countries took only just over one per cent of British exports and provided only 2½ per cent of our imports. Direct trade with China declined to about half its pre-war level, although there was some increase in our exports to Hong Kong.

Later he says:

Explaining this policy—

That is to say, Soviet policy.

—in the pages of the official journal of the Soviet ministry of foreign trade, Mr. B. Vaganov said:

"The establishment of a monopoly in foreign trade prevents the formation of contacts between the capitalist elements, still to be found in the countries of people's democracy, and international capital . . . At the same time, the concentration of foreign trade in the hands of the state guarantees the countries of people's democracy the possibility of conducting a successful battle against the hostile foreign trade policy of the capitalist countries."

Again, he says:

We saw in 1948 how, in a matter of weeks, it was possible for the Kremlin to bring all trade between eastern Europe and Yugoslavia to a halt as part of the campaign to bring Marshal Tito to his knees. Politics always take precedence over economics, as in 1947, when the Kremlin forced its satellites to reject the offer of Marshall aid, despite their crying needs. The danger of becoming too deeply involved with such a totalitarian economic empire is obvious.

Finally, I quote:

It is certainly not the Soviet government's intention to allow trade with the west to rise to more than a marginal amount of the eastern bloc's foreign trade. Nor are there any signs that it proposes to let such trade interfere with the steady integration of the satellite economies with its own.

I should like to read a word or two from the report of the East-West trade panel of the federation of British industries. It is very much along the lines of what I have just read but I think it is worth putting on the record as a statement of the feeling of British industry. It reads:

Summarizing our conclusions, we are of the opinion:

(i) that trade with countries of the eastern bloc is likely permanently to offer fewer opportunities than before the war, and that trade with China has only modest scope for expansion on account of her limited capacity as an exporter and earner of sterling coupled with the reduced market for Chinese exports;

(ii) that such opportunities of east-west trade as exist in non-strategic goods should, nevertheless, be pursued without any inhibitions arising from political considerations;

(iii) that members of the federation in their dealings with Russia, countries of the eastern bloc, and China, should avoid panels which are likely to turn matters of commerce pure and simple to account for the purposes of communist political propaganda.

I should like to give a further quotation to explain the last point. They say:

Since the Moscow economic conference in April, 1952, there have come into prominence a number of bodies, including the British council for the promotion of international trade which, it has been stated by the president of the board of trade, and more recently by the foreign secretary, have as their object the furtherance in the economic sphere of the general purposes of communist propaganda in the cold war.

I have taken the time of the house to put these statements on the record because it seems to me that they are relevant, having regard to the discussions of trade beyond the iron curtain, concerning which we are hearing a good deal now.

In view of the record of the corporation, despite the recent shrinkage in its operations, and in view of the explanation given by the minister and the parliamentary assistant, I think that this measure is worthy of support.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Agent of Her Majesty.*

Mr. Knowles: I should like to say a word on this, Mr. Chairman. We are glad to support this bill, attempting as it does to strengthen the Export Credits Insurance Act. We understand that the purpose of this legislation is to make possible trade which otherwise might not have taken place. We believe that it is good for the economy of Canada, that it is good for the well-being of the whole world, to free the channels of trade. In pursuit of that purpose, we are glad to see legislation of this kind on the statute books.

Perhaps what I have said goes without saying, but I felt I should like to say not only that but to welcome the remarks that were made a few moments ago by the hon. member for Greenwood. He was, if I may so put it, echoing in part at least the view expressed a few days ago by my colleague the hon. member for Moose Jaw-Lake Centre. If the principle is a valid one that trade is good for our own economy, and that it is good for the world not to have sections of it isolated from other sections, I think it follows that trade with any country should be encouraged without too much fear of the political colour of any particular country. I was glad to hear the statement made by the hon. member for Greenwood. I hope, if there is a genuine effort on the part of the Soviet union or other countries associated with that country to develop trade with us, that we will pursue any such efforts as effectively as it is possible to do.

At the same time, might I offer this suggestion to the minister and to the government? The purpose of this legislation is to make possible trade which otherwise might not have taken place. He has indicated that this has nothing to do with trade with the United States. Nevertheless, I hope that while the minister is being concerned about trade with other countries he will not overlook the importance to our economy of trade back and forth with the United States. I hope he may pay some attention to some of the things that are happening in the department of his colleague, the Minister of National Revenue. It seems to me that steps are being taken there which interfere with trade with that country, and that seems to me to be in the opposite direction to the aim of the legislation which is now before us. I for one do not like departmental or administrative interference with trade with that country.

Mr. Henderson: I should like to say a few words in favour of the purpose of this bill. I should like to congratulate the minister and the staff that administers this act upon the fine co-operation and work they have done in order to encourage trade at this time throughout the world, as the hon. member for Winnipeg North Centre mentioned. Probably we could best realize the benefits of this bill if we examined the operations of the Export Credits Insurance Corporation.

From the commencement of operations in 1945 to the end of 1952 the corporation paid claims of $1,702,704. The recoveries amounted to $592,000, while irrecoverable losses totalled $18,000, leaving a net outstanding of $1,092,000. As to whether or not the work of the corporation is increasing, it might be noticed that at December 31, 1952, there were 180 policies in force as against 168 on December 31, 1951. This leads us to believe there is more need for this corporation. The policies in 1952 were divided as follows: general commodity policies, $55 million and capital goods policies $1,800,000. This is trade which, under normal circumstances, Canadian exporters would not have had because, as the parliamentary assistant has stated, there are no private insurance companies that would underwrite the risks involved.

I believe that if we analyse the operations of this corporation during 1952, the year for which we have a report, we will find that there were twenty commonwealth countries dealt with by way of trade in an amount of

some $9 million, and sixty-three foreign countries dealt with in the amount of some $26 million. I believe those facts bring great credit to our government, to the minister and to those who administer the corporation. This provision will enable us to encourage our exporters to trade with other countries, and trade with safety.

Mr. Macdonnell: I asked the minister the other day about the position of the Ming Sung company, and my recollection is that he said he would advise us on second reading.

Mr. Howe (Port Arthur): The original amount of the loan, Mr. Chairman, was $12,750,000, with interest at 3 per cent. It was to be repaid in ten equal instalments beginning on January 30, 1951. The first payment of $26,855.22 was made in 1950. Interest payments were kept up until the middle of 1951, whereupon this government started to pay the banks interest and principal, and interest on interest. This latter payment was due to the lapse of time involved in ascertaining whether the Chinese were going to pay.

The balance outstanding of principal, to which has been added the interest, is $12,723,-174.78. I may say that the government regards this as possibly recoverable. The boats are still in existence and there have been some approaches which lead us to believe that those now in possession would value a good title. While I am not promising the house that the amount due will be collected, I am not saying it is a hopeless account.

Mr. Macdonnell: Have the ships, at the moment, just been confiscated by the Chinese government or do we know who purports to own them?

Mr. Howe (Port Arthur): They were taken over and are being operated by the Chinese government. They can only be operated in Chinese waters because if they come out of Chinese waters they will be seized.

Mr. Pearkes: Might I ask whether the transactions which are now taking place, the transfer of Canadian vessels to foreign flags, will be under this corporation? Will this corporation make any guarantee?

Mr. Howe (Port Arthur): No, there is no cash involved in such transfers; it is simply a transfer of registration. This corporation has nothing to do with it.

Mr. Green: Are these Ming Sung ships still flying the Canadian flag?

Mr. Howe (Port Arthur): I have not seen them; I could not tell you, but I think it is very unlikely.

[Mr. Henderson.]

Mr. Green: Surely, some department of the government has some information concerning the ships.

Mr. Howe (Port Arthur): The Secretary of State for External Affairs confirms my position that they are in Chinese waters, and neither of us has any informants from that area; we do not know. They may not be flying any flag at all.

Mr. Macdonnell: Does the minister not think that he should have made clear that this Ming Sung transaction had nothing to do with the officials of the Export Credits Insurance Corporation at all; it was entirely a government matter, carried out by the governor in council through the Minister of Finance.

Mr. Howe (Port Arthur): I feel under no obligation to make that clear at all. I think it was a creditable transaction, whoever carried it out. I do not think that either the insurance company or the government expected a revolution in China at that time.

Mr. Macdonnell: I am not commenting on that at all. I am just saying that the credit or discredit does not belong to the executive officers of the Export Credits Insurance Corporation.

Mr. Green: There is discredit on somebody else's part in the government when they allowed the Chinese to fly the Canadian flag after the ships had been turned over to China.

Mr. Monteith: Can the minister tell me whether or not there is any breakdown of the type of exports made possible under this act?

Mr. Howe (Port Arthur): Generally speaking, they are non-perishable items; that is, they are machinery or some capital item. It does not always apply, but it is usual.

Mr. Monteith: Is any percentage available at all as to the amount of farm machinery that comes under it?

Mr. Howe (Port Arthur): Yes, we have. This corporation has insured a very considerable value of farm machinery.

Mr. Macdonnell: On that question, it seems to me it would be of great interest if we could know whether the general impression given, indeed I think the minister strengthened it the other day, that the market for farm machinery was not any too good, is actually the fact. I am just wondering whether, in view of what he has said, and particularly what I read this afternoon as to one of the needs of new capital being

to assist exports of farm machinery, he can in fact indicate the amounts, and whether they are significant in the operation of our farm machinery companies.

Mr. Howe (Port Arthur): On the occasion of the visit of agricultural workers I was able to point out that in that week we had guaranteed loans on agricultural implements up to $10 million. I think over the years it would easily be perhaps ten times that amount.

Clause agreed to.

Clauses 2 to 5 inclusive agreed to.

Mr. Dickey: Mr. Chairman, as I informed the house, at this stage I should like to ask the Minister of Citizenship and Immigration to move an amendment which is a consequential amendment on the increase in capital. As the committee will observe, in section 10 of the present act which is quoted in the explanation of clause 4 of the bill, the original capital was all to be subscribed and paid up, and in fact the present capital is all paid up. One of the main purposes of this amendment is to increase the limitation on the maximum business that the corporation can underwrite in terms of ten times the aggregate of the amount of the capital plus the surplus.

Section 14 of the act sets out this limitation, and in the act the term "paid up capital" is used. That was perfectly satisfactory and applicable when all the subscribed capital was paid up, as was the case of the original capitalization.

The proposal in this new bill is to create new capital, which will be subscribed, but not paid up. Therefore there is a consequential amendment required to section 14, substituting the words, "subscribed capital" for the word "paid-up".

Mr. Harris: I move that Bill No. 295 be amended by adding thereto the following clause:

6. Section 14 of the said act is repealed and the following substituted therefor:

"14. The liability of the corporation under the contracts of insurance issued and outstanding shall not at any time exceed a total of ten times the aggregate of the amount of the subscribed capital and the surplus of the corporation."

Amendment agreed to.

Clause as amended agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Knowles: Next sitting.

Some hon. Members: No.

Mr. Fraser (St. John's East): Yes.

Mr. Deputy Speaker: Next sitting.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Friday, February 19, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

The Deputy Chairman: When the committee reported progress last time we were considering clause No. 164. Shall the clause carry?

Mr. Knowles: No.

On clause 164—*No apparent means of support.*

Mr. Knowles: I wonder whether the minister has done some good hard thinking on this matter since it was last before the committee.

Mr. Garson: I am going to suggest to the committee that we let this clause stand in the fond hope that it will be possible for representatives of the opposition parties and myself to work out a wording which will meet the point which they have raised without in any way damaging the enforceability of this clause against vagrancy.

Perhaps I was personally at fault in that during the last debate, when it became apparent that there was a deep-rooted difference of opinion concerning certain aspects of this clause, I did not suggest earlier that it should stand. In line with the policy which I indicated when we were on second reading in relation to the disposition of these clauses in committee of the whole, I should like, where it appears when we come to similar clauses that there is a deep-seated difference of opinion, to stand them over at an early stage of the debate. Then we can come back to them later on at a specified time, when I think we can do a greater amount of justice to them in a shorter period of time than we can with the more extemporaneous debate that we had the other day. On that basis I would like to suggest that 164 stand, and that at the request of the hon. member for Prince Albert 165 should also stand.

Mr. Campbell: Before clause 165 is allowed to stand I should like to make a suggestion with regard to it if you are through with 164.

Mr. Knowles: With respect to 164, I am sure that all of us are glad to have the suggestion that this clause stand for the time being and

I dare to hope that in the meantime something can be worked out that will be satisfactory to all concerned. However, I would not want the minister to assume that we will necessarily get together, as he indicated just now. The feelings indicated last time we were dealing with this matter were pretty sharply divided. Our main concern is that there not be any law that baldly says that a person who is without money and without a job is automatically to be declared a vagrant. Perhaps I should not have said even this much if I am going to agree with the idea that the matter stand. At any rate, that is our position. We are glad to allow 164 to stand.

The Deputy Chairman: Does the committee agree to the arrangement outlined by the Minister of Justice, which I understand is that where a clause is called, upon which hon. members wish to speak extensively or provoke a debate, it shall be allowed to stand and that we consider at this first run through the code those clauses upon which there is no major disagreement? May I take it that that is agreed to by the committee?

Some hon. Members: Agreed.

Clause stands.

On clause 165—*Common nuisance.*

Mr. Campbell: I should like to ask the Minister of Justice if he is considering bringing in an amendment to this clause that would prevent the pollution of interprovincial rivers.

Mr. Garson: I thought that I had made it clear on previous occasions—I certainly tried to—that we are prepared to consider whether, in the light of such facts as may be apparent from the investigation now going on into the North Saskatchewan river, this clause 165 should continue in its present form or whether those facts would make it appear that 165 is not adequate and that some amendment should be made to it in order to make it adequate. Until we get those facts I do not think anyone, no matter what his attitude may be toward amending clause 165, could really reach a proper opinion as to whether an amendment should be made or not.

Mr. Campbell: I am receiving many wires and so many letters asking me to try to get the government to bring in legislation which would protect the people in one province when pollution is taking place in another province. The minister well knows, and the house should know by this time, what the situation is in Saskatchewan. I am going to run over it briefly. Pollution of the North Saskatchewan river is taking place in Alberta.

The Deputy Chairman: I think the committee will agree with me that in a discussion of the wording of clauses of the Criminal Code, to discuss a situation existing between two provinces, and the pollution of a river, which so far as I know is not specifically referred to in the sections of the code, is not in order. I think the committee will sympathize with the Chair, as I try to sympathize with the hon. members concerned. The subject which the hon. member now proposes to discuss has been discussed in this house on the orders of the day and at other times. I ask him to agree with me that a discussion of the situation now existing on the North Saskatchewan river is not in order when we are discussing the wording of sections of the Criminal Code.

If it were in order, perhaps the hon. member would then agree with me and, if he has extensive remarks to make, abide by the agreement of the committee that the sections which are going to be the subject of long discussion should stand and not be taken up at this first reading of the code. Therefore I would ask the hon. member to confine his remarks at this time to clause 165, which I understand was to be permitted to stand, and bring his remarks clearly within the purview of the code.

Mr. Harris: On a point of order, it was my understanding that the clause was to stand and the purpose of asking that it stand was to avoid discussion at this time which probably would be pointless in view of possible amendments which might be made or further explanations that might be given. While I completely sympathize with the hon. member for The Battlefords in his desire to bring to the attention of the committee conditions which have been discussed on many occasions, I feel his purpose would be much better served if we allowed the Minister of Justice to give to this section that consideration that has been promised by having the clause stand.

Mr. Campbell: If I was quite certain that the minister would bring in legislation within the next two or three weeks that would provide protection for people, I would be satisfied; but I am not sure. That assurance has not been given. To bring myself in order, I am going to move that clause 165, which comes under the heading of "nuisances"—

The Deputy Chairman: Before the hon. member reads his amendment, which I am not ruling out of order in advance, may I say that it is my understanding that there is a rule in Beauchesne that where an amendment is moved to a clause, the clause cannot stand. I draw the hon. member's attention to it without looking it up so that he will realize the position in which he is going to put himself.

Mr. Knowles: I wonder if I might make a suggestion. The hon. member for The Battlefords has an amendment which he would like to propose and he understands that the minister wishes the clause to stand for further consideration. I am sure that my colleague has no objection to that. Would it not be helpful if he were permitted to read his amendment and place it on the record so that it would be there for the minister to consider along with the other points in connection with this clause that are to be considered?

The Deputy Chairman: I am in the hands of the committee. Is there unanimous consent?

Some hon. Members: Agreed.

Mr. Campbell: I shall not move the amendment but I will place it on the record so that the minister may see what the idea is behind it. I have had legal advice and I believe that if the amendment were put in the Criminal Code it would answer the purpose. My suggestion is:

That subclause (2) be renumbered as "(3)" and that the following be inserted as subclause (2):

"(2) Every one who, by himself, his agent or employee, places or discharges, or causes to be placed or discharged, or suffers to be placed or discharged, in, upon or near, springs, lakes, streams, or rivers, any industrial waste or any other polluting material of any kind whatsoever, which either by itself or in connection with other matter may corrupt or impair the quality of the water thereof in another province or render such water in such other province unfit for accustomed or ordinary use is guilty of an indictable offence and liable to imprisonment for two years."

An amendment of this kind would not interfere with provincial rights in connection with any river wholly within a province. I believe it would give protection where pollution, taking place in one province, does no harm to people in that province but, when it reaches the next province, creates harm to the people there. As I said, I will not try to impose my views on the committee if the minister will consider this. If the situation is not cleared up by the Alberta government in the very near future—and I think they could deal with it if they so desired—we could turn that water the other way—

Mr. Martin: Mr. Chairman, on a point of order, this does show the danger of relenting. The committee was good enough to allow the hon. member to put forward the amendment which is now before us, but he is now going on and accusing people and stating that he is not satisfied the Alberta government is doing everything it can. I am precluded by the rules of debate from even answering that point, and I would suggest that this is a matter for discussion. I do not believe it is fair to suggest that one hon. member more than another is anxious to see this matter corrected. I would urge you, Mr. Chairman, to see that the hon. member is held strictly to account.

The Deputy Chairman: A point of order has been raised by the Minister of National Health and Welfare. I think he must be right, because his point is along the same lines as the point I raised myself. I would suggest to the hon. member for The Battlefords that since he has placed an amendment before the minister for consideration, and if it is the intention of the committee, as suggested by the minister, that clause 165 be allowed to stand, it should now stand, and when the clause is recalled for full discussion, as it must be, that will be the moment to enter into a full discussion, at which time the then chairman will have to decide whether the remarks being made are strictly in order.

Mr. Campbell: Mr. Chairman, I did not quite complete what I was saying. If we could reverse the flow of the river running through Edmonton for 24 hours so as to make it—

Some hon. Members: Order.

The Deputy Chairman: I am sure the hon. member will agree with me that you cannot reverse the flow of a river under the Criminal Code. Does clause 165 stand?

Some hon. Members: Yes.

The Deputy Chairman: Clause 165 stands.

Mr. Barnett: Mr. Chairman, I hesitate to intrude into the proceedings, at this time, the particular matter I have in mind, but I did unsuccessfully attempt to catch your eye a number of days ago on this point. I am referring to a certain matter in clause 160, subsection (c), and we seem to have moved on so quickly with other clauses that I was not able to make my point. With your permission I would like to raise it now.

The Deputy Chairman: It is not within the purview of the chairman to grant permission to revert to clause 160, which has been carried, unless the hon. member has the unanimous consent of the committee, in whose hands I am.

Mr. Garson: There is really no objection to a single instance of this kind, but if we do it for one we will have to extend the same privilege to every hon. member. We have a long, heavy, and very extensive task before us. Unless we have some order in our procedure we are not going to make very

satisfactory progress. I do not think any great hardship would be caused the hon. member if he would raise this matter again when we are going back through some of the more difficult clauses, because I believe it would be better if we proceeded at the present time according to the agreed order.

Mr. Coldwell: Mr. Chairman, I happened to be in the house when my hon. friend tried to catch the chairman's eye. I believe he was on his feet on three or four different occasions and failed to obtain a hearing. However, I do not know if there will be another opportunity.

Mr. Barnett: In order to avoid any discussion on this matter at this time, might I ask whether it would be possible to allow clause 160 to be considered as having been permitted to stand instead of carried in order that it might be brought up later on with, shall I say, the more contentious clauses. The matter I have in mind is related to questions which are covered in certain other general sections of the code which will be up for discussion at a later stage.

Mr. Garson: Might I suggest to the hon. member that if the matter he was proposing to raise, in addition to being related to clause 160, to which he has already made reference, also relates to some other clauses we have not yet come to, then he should raise it when we come to such clauses. I think he would find me very receptive if he brought the matter to me personally so that at this time we would not need to detain the whole committee to cover the point he has in mind.

Mr. Barnett: I would be agreeable to that.

On clause 166—*Spreading false news.*

Mr. Knowles: I wish the minister would comment on this clause. In the first place, I believe the penalty has been raised. It used to be one year, as set out in the former section 136, and the penalty is now two years. Secondly, what does the minister understand by the phrase "spreading false news?" The clause reads:

> Every one who wilfully publishes a statement, tale or news that he knows is false and that causes or is likely to cause injury or mischief to a public interest is guilty of an indictable offence and is liable to imprisonment for two years.

Hardly a week goes by—in fact we had a point of this nature raised today by the Secretary of State for External Affairs—when someone does not raise in this house a claim that our friends of the press have misinterpreted something that was said. Does that sort of thing come under the ban of clause 166, or is there a line drawn somewhere?

[Mr. Garson.]

Mr. Garson: In all these cases there is a line to be drawn. This line clearly is indicated in the clause before us. The accused must wilfully publish a tale or news that he knows is false. The crown must prove such knowledge. In the case my hon. friend refers to I imagine that those who were responsible for publishing the news would certainly deny that they knew it was false. The crown must also prove that the publication is of matter which in the language of clause 166 is "likely to cause injury or mischief to a public interest".

Mr. Knowles: What is "a public interest" in that context?

Mr. Garson: I think probably as good a way to answer that question is to cite—

Mr. Knowles: Tremeear.

Mr. Garson: —yes, Tremeear in reference to an actual case which arose, because the best test of how a section operates is to examine the way in which it has been invoked and in which it operated in a given case. The facts of this case set out in Tremeear at page 142 were these. A merchant in Alberta announced a "closing out" sale by using these words:

> I have decided to leave Canada. Americans not wanted in Canada. Investigate before buying land and taking homesteads in this country.

It was held that the accused was guilty of an offence under this clause. The news was false and wilfully published and was against the public interest, which at that time was to attract settlers to Alberta. That is a case in point.

I admit that the problem arises every time a matter of this kind comes up, the prosecuting authorities have to make up their mind whether the facts appear to disclose an offence. If they think it does then they lay a charge. They then have to prove their charge. If they cannot prove it the case under this clause fails.

Mr. Knowles: Might I revert to the first question I asked. Why has the penalty been increased from one to two years?

Mr. Garson: Because, as I have explained on several occasions previously, it was thought desirable by the commission that we should not have an assortment of offences under the code but that they should be all included under some five separate groupings. The lowest of these is two years, then five years and so on. This particular case fell into the lowest grouping, but that had the effect of increasing the penalty from one to two years. My hon. friend himself, I think, during the previous debate on this bill raised the point

that these are all maximum sentences. In a proper case the judge might impose a penalty of one day's imprisonment, if he wished to do so. There is no minimum penalty under the new code.

Mr. Hansell: I should like to say a word on this clause. I am not now particularly asking the minister to comment. I cannot see that there is any great difference between this clause and the Alberta press act that was passed some few years ago. That act, of course, was sent to the courts and was declared to be unconstitutional. It can therefore perhaps be regarded as a dead issue today. Nevertheless there are a good many people in the country who will not permit it to be a dead issue and who are bringing it up continually as a means of attack upon our own Social Credit position by saying that if ever we got into power we would attempt to control the press.

Mr. Chairman, I do not think this clause attempts to control the press any more than did the press act passed some years ago by the Alberta government. In fact, on comparing the press act of a few years ago with this section, I think that act was quite a modification of this particular section. All that press act did was provide that when there was a news release by the government, should that news release be printed falsely or give a false impression or include false statements, the same periodical or paper would be compelled to print the correct release in a place just as prominent as that in which the false one was printed.

A great deal of comment on that act in recent years, in fact in the last election campaign, would leave the impression that a newspaper or periodical would not be permitted to criticize the actions of the government. There was nothing of that kind at all in that press act. Editorial comment could be made. They could criticize the government. They could call the government anything for which they could find appropriate phraseology. There was nothing at all wrong with that course. It was simply a press act that insisted that when false statements were made with respect to news, they had to be corrected the next day. I rose to point that out, because I fancy those who are our opponents will continue to mislead the people with regard to the matter. It is a dead issue today. We have no desire to control the press.

I am not talking against this section. I think it should be there. I do not know whether this is the section that necessarily covers libel, but it appears to me that it does. I want to have that statement on the record. False news should not be reported. What we want is the truth. Just so long as the truth is published, no one is going to complain. We believe in the freedom of the press, but we believe that the press is free to print that which is right.

Clause agreed to.

On clause 167—*Not burying dead.*

Mr. Coldwell: I want to ask a question about this clause, as the result of reading it over. How does this clause affect cremation and the remains of those who have been cremated? It would seem to compel burial. What is the interpretation?

Mr. Garson: Again I think the answer can be found in the wording of the section which reads as follows:

> Every one who
> (a) neglects, without lawful excuse, to perform any duty that is imposed upon him by law or that he undertakes with reference to the burial of a dead human body or human remains, . . .

I take that to refer to the proper carrying out of burial, if that be the method which he chooses to dispose of the human body or human remains.

Mr. Rowe: Would they be human remains?

Mr. Coldwell: After cremation, are they human remains? That is the point.

Mr. Garson: In any event, it is only where he fails to perform a duty that is imposed upon him by law or that he undertakes. I think it has to do more with the manner in which he carries out that duty than with the question of burial or cremation; that is, as to whether it is burial of the body in the ground or burial of its ashes in an urn. In other words, the gravamen of the offence is in the carrying out of the burial in a manner, for example, which is disrespectful to the dead body, in a careless and indifferent manner and so on, and not whether they bury the human body or cremate it.

Mr. Coldwell: The point I had in mind was as to burial of the remains. In cremation the remains may not be buried. That is the point. In cremation the remains may not be buried for a considerable time or may not be buried at all. What is the interpretation of the word "burial"? That is the point I had in mind.

Mr. Garson: I still come back to my point that the gravamen of the offence is neglect to perform a duty that is imposed by law or that a person undertakes to carry out, as my hon. friend will see, with reference to the burial of a dead body or human remains. That is

all it says. It does not necessarily make any reference at all to cremation. If cremation is lawful under relevant statutes, then it is just as lawful as burial.

Mr. Coldwell: That would constitute burial?

Mr. Garson: In such case it would be lawful.

Mr. Coldwell: The fact that the body was cremated would be burial, under this clause. Is that right?

Mr. Garson: Oh, no.

Mr. Coldwell: That is the point I am making. Suppose the remains after cremation are not buried.

Mr. Garson: There is no offence unless there is a breach of duty.

Mr. Coldwell: There is no offence if the remains are not buried?

Mr. Garson: This is an offence in respect of the manner in which burial is carried out.

Mr. Coldwell: It is an interpretation of the word "burial" that I am after.

Mr. Trainor: I should like to ask the minister whether this clause is supplementary to or was designed to reinforce provincial laws. Are there provincial laws existing with regard to burial which this clause is designed to reinforce?

Mr. Garson: Yes; because it says:

Every one who
(a) neglects, without lawful excuse, to perform any duty that is imposed upon him by law . . .

Mr. Trainor: That is provincial law?

Mr. Garson: Yes. The law may vary from one province to another, but it is his duty as a citizen to carry out that direction of the law. If he fails to do that in respect of burial, then he brings himself under this provision of the Criminal Code.

Clause agreed to.

On clause 168—*Bet.*

Mr. Hahn: We find here that a new subsection 3 has been added, which places the onus on the accused. We had the same thing with respect to clause 162, trespassing at night, in which the onus was placed upon the accused. I wonder if we are not setting a dangerous precedent and losing a fundamental and basic principle of British freedom when the onus is placed entirely on the accused rather than the state having to prove that the accused is guilty.

Mr. Garson: If my hon. friend will examine the preceding subsection I think he will see a provision there to the effect that a place is not a common gaming house within the meaning of the various subparagraphs there listed when it is occupied or used by an incorporated bona fide social club or branch thereof, when certain conditions which are prescribed prevail. If an accused in a case of this sort is actually innocent the facts in proof of that innocence are entirely in his possession, and it would be a matter of no difficulty at all for him to show that the place which had been raided was actually not a common gaming house.

The necessity for subsection 3 arises from the fact that as a rule when these raids are made, especially if it is a gaming house run by an experienced operator, the police may have some difficulty in securing entry in the first place. When they do get in they often find that the proprietor has made provision for doing away with great rapidity with all of the indications of gaming and the like. The people who are found there are all just innocent people taking part in a friendly game without any professional element in it at all. In order to give protection to society in a case of this kind, it does not seem unreasonable to say that the onus of proving that it is not a gaming house can be fairly placed upon the accused when, if that be the fact, it is so easy for him to establish.

Mr. MacInnis: I am suspicious of any section of the Criminal Code that puts the onus of proof of innocence upon the accused. I think it is a departure from the British practice that we have followed for so long, and if we begin by putting such a provision in one section we may wind up by having it in all sections, with the result that no matter what the charge against an accused may be he will have to prove that he is innocent.

The minister says it will be an easy matter for an accused to prove that it is not a common gaming house. If it is an easy matter for him to prove that it is not, then it should be an equally easy matter for the crown to prove that it is. The crown is only going to assume the onus of proof when it is easy for the crown to do so, but when it is hard the crown will shift the burden to the accused. As a principle in our Criminal Code I dislike it very much.

Mr. Garson: I am in complete agreement with my hon. friend in disliking just as much as he does this principle in any criminal law of shifting the onus of proof upon the accused. But in those cases in which the means of proof are peculiarly in the possession of the accused; where it is almost impossible for the crown to offer the necessary proof, if the

proprietor and found-ins stand mute then I think this is not the first occasion by any means when an accused has been called by statute to adduce evidence peculiarly in his possession to disprove the charge against him. With great deference to my hon. friend I would not agree that because this provision is put into a section respecting an offence of this sort, it would be proper to put it into other sections dealing with other offences. My hon. friend can see, as we go through the code, that there are very few sections in which it has been put, and that such provisions are confined to a very few sections which are of the same general character as this one.

Mr. MacInnis: My understanding is that this part of the clause is new and was not in the old law. We carried on for quite a long time with the law as it was, and I do not think anything very serious happened. Surely if a place is kept as a common gaming house the necessary paraphernalia will be visible, and surely every time the police care to raid a place the occupants or owners should not have to bring forward proof that it is not a common gaming house. The minister said a few minutes ago that this is the first time this provision has been introduced. That is my point. It will be such an easy thing to make a practice of introducing such a provision here and there. We are all looking for easy ways to perform our various duties, and it will be an easy way for the police or the crown, whichever term one uses, to make an accused prove that he is not guilty. I think we should be very careful about it.

Mr. Fulton: I do not think I am qualified nor do I desire to defend the Minister of Justice or, indeed, the new Criminal Code in matters of this sort. But if I were to let the comments of the hon. member for Vancouver-Kingsway, for whom I have high regard, particularly with respect to his interest in persons who may be accused and who require every assistance to defend themselves, go without reply it might be taken as meaning that we do not share the concern he has expressed that as a general principle a man is innocent until he is proved guilty and that the onus of proof of his guilt should be on the crown. No one could subscribe more strongly to that conviction than I or my colleagues sitting around me and those who are members of this party generally.

Therefore, while I do not agree with the hon. member for Vancouver-Kingsway, I felt that if I kept silent and simply let the matter go without any comment it might be taken that we were not as concerned about these things as he is. But there is a reply to him in this particular case which can and should be made. Taking clause 168 and comparing it with the old sections 226 and 227, one sees that the new clause proceeds on a rather different basis. The old sections 226 and 227 defined a common gaming house and made no exceptions. Under the new clause 168 an exception is created by subsection 2. In other words, it is continued as an offence to keep or to be in a common gaming house, but there is now an exception. Subsection 2 says:

> A place is not a common gaming house within the meaning of paragraph (i) or clause (B) or (C) . . .

—if it conforms to certain standards which are then laid down.

What is now said is that we continue the offence of a common gaming house but we create an exception to that offence. We create an exception if the place falls within the category described, and it is then not a common gaming house; but we put upon the accused the onus of proving that the place falls within the exception. When you are in effect creating a specific defence to a charge, which defence is that the accused's place falls within the description of the exception to a common gaming house, it is fair to place the onus of proving that defence, by proving that the place falls within that exception, upon the accused. The crown still has to establish its case by proving that the place is a common gaming house, and it is up to the accused to prove that the place falls within the exception. This exception is now defined by the statute in a form in which it did not exist before.

Mr. Hansell: I just wonder, if we should not let this item stand, particularly when we realize that lotteries come into this section and I notice that the committee on capital and corporal punishment and lotteries is meeting now. In any event, what I have in mind is that a good many of the members of the house who were members of the criminal code committee a year ago and are familiar with the code are also members of the present committee on capital and corporal punishment and lotteries. I am just wondering as a general practice whether we are not stealing a march on those men who are in another place and would like to be here.

My attention has been drawn to the fact that this section does not cover lotteries, so perhaps I am barking up the wrong tree. I know that our representative on the present committee on lotteries spent a tremendous amount of time and was a conscientious member of this criminal code committee a

year ago. I know he would like to be here while the Criminal Code is being discussed. Perhaps at future sittings we might bring up the Criminal Code with that in mind, to avoid conflicting with the other committee.

Mr. Barnett: I should like to raise a point in connection with subclause 2(b), which I understand from a remark that has been made is a new provision. I am wondering what interpretation can be placed upon the words "charitable organization"? To illustrate my point, I would ask the minister whether under this clause a trade union organization, as part of its social activities, might arrange an evening when games of this sort would be played, possibly for some social or charitable purpose, and be covered by this saving clause? I realize that in the ordinary sense of the word a trade union is not a charitable organization, but could they be covered by this saving clause? If not, would the minister consider inserting some such words as "or other non-commercial organization" or something of that kind?

Mr. Garson: Perhaps I might comment upon the remarks of the last two speakers because they are really related to one another. On two or three previous occasions I have explained that the setting up of the joint committee of the Senate and House of Commons to consider capital punishment, corporal punishment and lotteries was upon the understanding that the house would pass these sections dealing with gambling, lotteries and so forth, subject to any amendments that might occur to us as we considered them in the form in which they are.

This was to be done so that when the new code comes into effect we will have this subject matter covered by legislation. If we repeal the old code and in the meantime do not provide these new sections dealing with lotteries, corporal punishment and capital punishment, then we are going to have a gap in our law pending the report of the joint committee. The understanding was that we would pass these sections now. Then when the committee's report came in the government would move amendments, or if the government did not feel it was appropriate to do so, members of the opposition would move them. In that event, the government would expedite consideration of any amending legislation which might be brought forward to implement the report of the committee. For that reason I am asking hon. members to pass this legislation as we go along.

Now, that does not mean we cannot examine it on its own merits in the course of passing it.

[Mr. Hansell.]

In connection with the question raised by the hon. member for Comox-Alberni as to what constitutes a charitable or religious organization, if I understood his question he wanted to know whether, even although the organizations were not charitable or religious but were doing this thing for religious or charitable purposes, would that constitute a defence? Offhand I would not think it would, but that would be my own very casual opinion. The hon. member asked a hypothetical question, and with some hesitation I give that hypothetical answer.

This question has come up for interpretation by the courts; the case is Rex *v.* McGee. It arose in my own province of Manitoba and is reported in 50, Man. R. at page 152. There is a reference to the second exception under paragraph (b) (ii), as re-enacted in 1938. This was the former wording:

> . . . while occasionally being used by charitable or religious organizations for playing games therein for which a direct fee is charged to the players if the proceeds are to be used for the benefit of any charitable or religious object.

Now I quote from the judgment:

> This provision is intended to protect such people as trustees of club houses, or parish halls, who permit the occasional use of their premises for charitable or religious objects without gain or profit to themselves.

Whether that would apply to a trade union would depend upon the view the court took of the facts of the particular case. I should think a trade union might have some difficulty in proving that it was a charitable or religious organization within the meaning of the section.

Mr. Barnett: I did make one other suggestion upon which the minister has not commented, as to whether in this particular clause it might not be advisable to insert some words which would cover such a situation. If an organization to which I belong, such as a trade union, decides to do something of that sort even though they might not be organized mainly for that particular purpose, why should they not have the protection of this saving clause?

Mr. Garson: In that connection might I suggest that while my hon. friend can examine those clauses as they go through now, we should take some cognizance in this committee of the whole of the fact that a joint committee of the House of Commons and the Senate has been set up which I should think will certainly consider this very point to which he is now referring. I really think we shall be in a better informed and more intelligent position to consider this point after the joint committee shall have gone into it in somewhat more detail than

we can in this committee of the whole. I would therefore urge that amendments of the nature suggested by the hon. member might be left over until we get the report from the committee.

Mr. Dupuis: Until a few years ago some churches organized what they called bingoes. I understand that even those bingo games for charitable purposes were outlawed. It was said that the code did not permit the playing of such games even for charitable purposes. Do I understand that subclause 2 (b) now makes bingoes lawful? Perhaps I do not make myself plain; I am not talking in my own language. I want it made clear whether bingoes can now be played legally if they are played for charitable purposes.

Mr. Garson: The answer to my hon. friend is that in this particular subclause there is no change from the existing law. It may be that when we get the report of the joint committee we shall consider some change, but that is for the future. This present bill introduces no change in the law as it is in the existing code.

Mr. Patterson: I should like to have some assurance that this clause will definitely be brought up at a future date under lotteries; otherwise it ought to be given consideration right now, or we should let it stand. Personally I feel that if a thing is wrong it is hardly right for a church or a religious organization to do it. I believe that the principle involved is altogether wrong; therefore I cannot see why a religious organization should have any preference over any other group. Unless this matter is definitely going to be brought up at a future date under lotteries I should like to say something further on it at the present time.

Mr. Garson: On that point, Mr. Chairman, I should like to reiterate once more that this subject matter is definitely being considered by the Senate and the House of Commons committee. I have undertaken, with the approval of my colleagues in the government, that when its report comes in the government will bring in legislation to implement that report; or that if to do so does not commend itself to our judgment, we shall expedite the consideration by the house of amending legislation brought in by any member of the opposition, including my hon. friend.

Mr. Knowles: Has the minister forgotten the proviso that there has to be some recommendation in the report?

Mr. Garson: Yes; "to implement the report" was the language I used, which means that we will be carrying out what the report indicates.

Mr. Hansell: I should like the minister's opinion with respect to paragraph (f) of this clause which reads:

"game" means a game of chance or mixed chance and skill.

Where does the common slot machine come in, in this connection? I am not an expert on the constitutional angle of these things, but I do believe that several of the provinces have taken up this matter of slot machines. I see the minister has his finger up, which means he must have something that he wants to say.

Mr. Garson: Would my hon. friend look at clause 170, which we have not reached, but which deals with slot machines?

Clause agreed to.

Clause 169 agreed to.

On clause 170—*Conclusive presumption from slot machine.*

Mr. Knowles: We have now reached the clause that has to do with slot machines. I do not wish to take the floor from the hon. member for Macleod, but I would like to say this, after having read this clause. To use legal phraseology, I think I can say I have not knowingly gone into a common gaming house, but having read this clause I begin to wonder whether millions of people do not go into common gaming houses every day of their lives. Almost every time you go into a corner store you go into a place where there is a slot machine. Look at the wording of this:

For the purpose of proceedings under this part, a place that is found to be equipped with a slot machine shall be conclusively presumed to be a common gaming house.

Then we are told that a slot machine means any automatic machine or slot machine:

(a) that is used or intended to be used for any purpose other than vending merchandise or services; or

(b) that is used or intended to be used for the purpose of vending merchandise or services if

(i) the result of one of any number of operations of the machine is a matter of chance or uncertainty to the operator.

Every time you use a pay telephone you do that. There is a matter of uncertainty. Sometimes you will get your nickel back and sometimes you will get your number.

Mr. Rowe: And sometimes you get neither.

Mr. Knowles: Hon. members are laughing, and I do not blame them. But what about these little slot machines that children put pennies in. Sometimes they get a bit of bubble gum and sometimes they get trinkets of some sort.

Mr. Rowe: They are buying something.

Mr. Knowles: Someone says that is not a matter of chance. That is the reason the kiddies keep putting in their pennies or nickels; they hope to get something better than they got the last time.

Mr. Garson: Would my hon. friend look at 170 (2) (a) and (b)? If he does that he will see that they cover the point that he has just made.

Mr. Knowles: Yes, but my point is that what is set out in (a) is altered by what is set out in (b):

> that is used or intended to be used for the purpose of vending merchandise or services . . .

Some of these machines are there for the purpose of vending merchandise or services, but there is also an element of chance as to what item of merchandise you get.

Mr. Garson: Is the difference not this? In a vending machine you put the coin in the slot and you get back merchandise presumably at least of the value of the coin.

Mr. McIvor: Your weight.

Mr. Garson: Yes, or your weight, if you are interested in being weighed. You get value; but in a slot machine you put your money in and you may not get it back at all, or you may get back much more money than you put in. Therefore it is a gambling machine. I may say, Mr. Chairman, there is nothing new about this section. If my hon. friend is worried about having been in a gambling hell because he was in a drug store with a slot machine, he already has been doing that, perhaps unconsciously, for many years.

Mr. Hahn: I should like to ask the Minister of Justice this question. Are the machines in which you put ten cents and get nine cents worth of stamps slot machines or not?

Mr. Garson: No, certainly not.

Mr. Hansell: The position as I see it is this. I do not know a great deal about the slot machines, never having played them, but I do know that those who operate the machines can get away with having the customer put in a nickel or a dime and get back one chiclet. That by-passes the law, because it can be considered to be a merchandising machine. Of course they do not put in the nickel or dime to get a chiclet, they put in the nickel or dime or whatever it is in the hope that they are going to hit the jackpot and get a dollar's worth of nickels or pennies or whatever it is that comes out. That is the thing I think is dangerous. I had an experience with one of my boys when he was just knee-high to a grasshopper. The hon. member for Red Deer says, "Like his daddy". He did not grow to be much bigger than I am.

That boy went into one of these places without knowing anything about these machines, and a youngster told him to put in a penny. He put in a penny, he hit the jackpot and he came running out of that place with his hands together holding a fistful of pennies. He must have had 60 or 70 pennies. He wanted me to see what he had done. I took him aside and I said, "Son, I am going to tell you something. You may be able to put all those pennies in there and come away without a penny in your pocket, having lost your original penny; but if you never again play one of these slot machines you will be the one man in a million who will be able to say that in his lifetime he has been able to beat the slot machines."

I am sure the minister will agree that the slot machine is made to skin the public. It could not be otherwise. No slot machine has ever been made from which in the long run the public could win. That is what I was going to say when I rose several minutes ago. I cannot quite understand why the provinces have started an investigation of slot machines if they are covered by the Criminal Code. Why would they have to do that? I realize that the provinces administer the criminal law which comes under the department of the attorney general, but if there is any question as to the right or wrong of slot machines it seems to me it should be the minister who should carry on the investigation instead of an attorney general.

Mr. Garson: The last point raised by the hon. member for Macleod is extremely important. We have the power and the responsibility in this parliament of enacting the criminal law. Under subsection 14 of section 92 of the British North America Act the responsibility for the administration of justice, which includes the enforcement of law, is exclusively that of the provincial authorities.

The investigation to which my hon. friend refers has to do with administration. If my hon. friend will examine the evidence he will see that the allegations upon which the investigations are usually based is that in this, that or the other part of a given province, or in the province as a whole, the enforcement of the law in respect to slot machines has been inadequate.

But I would not admit for a moment that the law we are now considering is inadequate, because in substance it is a re-enactment of an existing section which has been in the code for a great many years. If it had been inadequate I should think that long since

we would have had representations from the provinces to that effect. If my hon. friend is worried about the point with which he opened his remarks, that a defence could perhaps be made by the person accused of operating a slot machine that the purpose of the machine was to vend merchandise, although still importing an element of gambling, I think his mind will be cleared up if he reads subsection 2 of clause 170 which reads:

> In this section "slot machine" means any automatic machine or slot machine
> (a) that is used or intended to be used for any purpose other than vending merchandise or services; or
> (b) that is used or intended to be used for the purpose of vending merchandise or services if
> (i) the result of one of any number of operations of the machine is a matter of chance or uncertainty to the operator,
> (ii) as a result of a given number of successive operations by the operator the machine produces different results, or—

Such as were produced for my hon. friend's son when he hit the jackpot. He got in at the proper sequence and that great gain was poured into his hands.

> (iii) on any operation of the machine it discharges or emits a slug or token.

Sometimes the accused argues that if it does not put out money, that lets him out. I think there has been a successful attempt in this legislation to cover all of these possible defences to which my hon. friend referred.

Mr. Hansell: I have one other question for the purpose of enlightening myself only. Are slot machines declared to be legal in any one province while they are still considered illegal in other provinces?

Mr. Garson: As I said a few moments ago, the responsibility for and the power of enacting criminal law, saying that which is a crime, is upon this parliament and upon no other legislative body in Canada. If we say by the Criminal Code that a slot machine is illegal and that its employment by a proprietor is a crime, as I understand the Canadian constitution it is not within the power of any province to make it legal.

Mr. McIvor: I was asking the question, how can a slot machine that just tells your weight be a machine of chance?

Mr. Brown (Brantford): Would the minister indicate whether there has been a change in the existing law. Clause 170 defines a slot machine, but in the old section there was no definition. It referred simply to certain automatic machines which were assumed to be contrivances for playing games of chance. In this clause it seems to be defined.

Mr. Garson: Has my hon. friend read section 986 (4) of the Criminal Code?

Mr. Brown (Brantford): Yes.

Mr. Garson: If he will go down to about the centre he will see that it says:

> —any automatic machine intended to be used for vending merchandise or for any other purpose, the result of one or any number of operations of which is as regards the operator a matter of chance or uncertainty, or which as a consequence of any given number of successive operations yields different results to the operator—

I think if my hon. friend will examine that he will find that the substance is substantially the same as that of the present clause. I think it is put in a more intelligible form and in somewhat shorter compass.

Mr. Fulton: It seems to me there are two matters of unfinished business before us. I am quite sure the minister will agree that my curiosity is pardonable if I ask him whether he will enlighten us on two matters. First, was the hon. member for Macleod or his son in a common gaming house under the circumstances which he defined and, second, what happened to the shower of pennies which was emitted from the slot machine? I do not think we should proceed until we have an answer to those two questions.

Mr. Jones: I understand that a lot of these slot machines are imported from the United States. Why does the Department of National Revenue allow the importation of illegal machines and collect duty on them?

Mr. Garson: I think that question should be put on the order paper.

Mr. Jones: I think the question should be dealt with now. If it is illegal to operate these machines, why does the government allow them to be manufactured in Canada. I understand that most of them do come in from the United States. Why are no steps taken to stop their manufacture or importation before they become a temptation to children?

Mr. Knowles: If that question is not going to be answered I think the first of the two questions asked by the hon. member for Kamloops should be taken seriously. It is in effect the question I tried to put some time ago as to whether the wording of clause 170 is not a little too broad. If I may deal with this matter for half a moment, I take it from the description given by the hon. member for Macleod that the machine from which his son got a handful of pennies was by the definition set out in this clause a slot

machine, and it must have been found in a place. According to the initial part of clause 170—

> . . . a place that is found to be equipped with a slot machine shall be conclusively presumed to be a common gaming house.

I am not attempting to hang any stigma on the particular corner store to which my hon. friend and his son went. I am more concerned with whether the wording of this clause is sensible. If that was a slot machine in the place which my friend and his son visited, then that place must be a common gaming house under the interpretation of the law.

Mr. Garson: Yes, Mr. Chairman, it was. I am sorry if I gave the impression that I was trying to avoid the question. That was not my intention. The method by which this clause operates, as I apprehend it, is that instead of charging a person with a number of different offences such as operating a slot machine, these various things are defined as being included in the offence of keeping a common gaming house. If my hon. friend will look at clause 176, to which we have not yet come, he will find that every one who keeps a common gaming house is guilty of an indictable offence, and so on. When these illegal slot machines are found the charge which is laid against the owner of the establishment in which it is being operated is one of keeping a common gaming house, and in that way the charge laid will cover one of a number of offences which are included in the definition of "keeping common gaming house", rather than the particular offence of operating a slot machine.

Mr. Knowles: I certainly do not want it to be thought that I would condone a practice of this kind, but it does seem to me we should be practical about this matter. What the minister said a moment ago in direct answer to my question in effect describes half the corner stores in Canada as common gaming houses. I do not presume on that basis that the police in all the provinces of Canada are going to swoop down on all these corner stores. But is not that what the wording of this clause means? Otherwise the language conveys something which it does not mean. Should not there be either stricter enforcement of slot machines to the extent suggested by the hon. member for Okanagan Boundary, or some kind of wording which will make it clear that a corner store or drug store, which has many other purposes, is not described by the Criminal Code of Canada as a common gaming house by virtue of the fact there is a gum slot machine to which there is attached some element of chance.

Some hon. Members: Why not?

Mr. Knowles: Some hon. members ask, "Why not?". If that is going to be the meaning of this description, then let us call upon the police in all the provinces to swoop down upon all these places. Otherwise let us use words that mean what we have in mind.

Mr. Garson: My hon. friend is a godly and righteous man, but he is probably not too well acquainted with the possibilities of profit in these slot machines. A year or so before I came to Ottawa I visited a town in a western state in the United States where their country club was entirely financed by slot machines which were kept there and were "played" by the members. If there are a sufficient number of players who are prepared to put their money into slot machines the profits are not inconsiderable. I suppose my hon. friend was perhaps making a moral argument, but I do not know what moral difference there would be between a man who is getting a rake-off on a poker game from which he makes a lot of money, or in operating a slot machine to do the same thing.

Mr. Fulton: I think the minister misapprehends the point made by the hon. member for Winnipeg North Centre. The point made by the hon. member was to the effect that under the present definition a large number of corner stores, though not I believe as many as has been suggested, have slot machines within the scope of that definition and are therefore common gaming houses. The point made by the hon. member for Winnipeg North Centre is that we should either narrow our definition or change it in some way so that these corner stores, which do not exist for the sole purpose of operating slot machines, would not be included within the definition of a common gaming house. The alternative is that if we decide they should be brought within the definition of a common gaming house because of these slot machines, then let us enforce the law as it now stands.

I might add that I believe my hon. friend goes much too far in saying that half the corner stores in this country keep slot machines. I believe they have vending machines for the purpose of vending merchandise or affording services of some kind, but I do not believe there are very many corner stores such as one would include in the general description of being decent

places run by law-abiding citizens which keep slot machines of the type referred to by another hon. member in this debate. The one referred to was to my mind a slot machine as defined in this clause and the store, probably unwittingly, was a common gaming house. That type of store is very much in the minority, though I would not mind seeing that particular owner prosecuted. However, I do not think we have very many examples of that type of corner store.

Mr. Garson: I entirely agree with what the hon. member for Kamloops has said. There are a great number of vending machines in corner stores and there may be a number of slot machines, in the proper sense, in these corner stores. The situation depends in large measure upon the policy of law enforcement being pursued by the provincial or municipal authorities in the area under which these slot machines are operated. My hon. friend suggests we should enforce the law, but I am sure he would be the first to agree that we unfortunately do not have the task of enforcing this law. That is entirely within the jurisdiction of the provinces. However, where this law, which has been on the statute books for some time, is enforced with reasonable strictness by the provincial authorities we agree with the hon. member for Kamloops that you would not find many slot machines in corner stores, although there may be a great many vending machines.

Mr. Rowe: Surely no one is discussing the type of machine which is there for the purpose of selling gum or Coca-Cola. The T.C.A. offices have such machines, and surely the T.C.A. offices could not be described as common gaming houses. I believe the act clearly sets out the matter; and with all due deference to the hon. member for Winnipeg North Centre, it seems to me no one would suggest for a moment that the growing tendency to vend merchandise through so-called slot machines would come within the definition of slot machines used for the purpose of gambling. There is a clear-cut definition. As the minister has stated, there are many places in the United States and in Canada where all sorts of things are sold by this type of slot machine.

Mr. Garson: You can get a hot meal in New York through one of these machines.

Mr. Rowe: Yes, and you can get Coca-Cola, gum, ladies' hosiery, cigarettes, and all sorts of things. In many cases this machine is used to take the place of a clerk. I believe there is a clear-cut distinction. I think we have wasted a lot of time.

The Chairman: Shall the clause carry?

Mr. Knowles: Mr. Chairman, there are two types of slot machines about which I wish to question the minister even yet. One type I referred to a moment ago, but apparently it was missed. There are these slot machines into which children put coppers—I do not know whether they go as high as a nickel or not—and out of which they get something every time. Sometimes it is a chiclet, sometimes it is a ball of bubble gum, and sometimes it is a trinket. The value varies. An hon. member near me says sometimes there is a jackpot, when there is the handful of coppers to which the hon. member referred. But there is a difference in value each time. I have seen children play these things not because of the particular article obtained but because they enjoy the chance connected with it. They are hoping to get something better next time. Is that kind of machine a slot machine?

Mr. Garson: Yes.

Mr. Knowles: It was that kind of machine I had in mind when I suggested that they are to be found in a large number of corner stores in this country. I want to call the minister's attention to another kind of slot machine. I forget what the price of soft drinks is now but a while ago, at any rate, it was seven cents. I have seen these machines that were not equipped to take coppers, so there was a sign which said to put in five cents. But every sixth or seventh nickel, whichever it is—I have not figured out the arithmetic of it for the moment—that is put in draws a blank. A moment ago the minister mentioned being in the right sequence. On some occasions you put a nickel in and you get a bottle of Coca-Cola. Once in a while you put in a nickel and you are not in the right sequence so you get nothing. Is that a slot machine?

Mr. Garson: My hon. friend is very ingenious at asking these hypothetical questions.

Mr. Knowles: That is not a hypothetical question.

Mr. Garson: I do not blame him for it.

Mr. Knowles: This is a real machine.

Mr. Garson: I would suggest that one of the criteria is this. With any genuine slot machine you will find that, as the result of a number of operations, the machine does not make a profit upon the sale of merchandise but makes a profit by taking money from its patrons by gambling. In the case cited by my hon. friend, the machine which is placed there is for the convenience of the

patrons who may not have a nickel and two coppers, so they put in nickels. At the end of a week's operation that machine will not have produced for its proprietor one penny of gambling profit. It will have provided Coca-Cola for all its patrons equal in value to the amount of money that was put into it. Therefore I would not think it would be regarded as a slot machine within this provision; nor do I think it should be so regarded, becauses that arrangement is solely for the convenience of the public.

Clause agreed to.

Clauses 171 to 176 inclusive agreed to.

On clause 177—*Betting, pool selling, bookmaking, etc.*

Mr. Hahn: I was just wondering how many convictions under section 177 (d) of the old act may have been registered in this country. During the baseball series or the hockey series I do not think there is any little town in the country that does not have a pool of some kind on it. I was just wondering if there were any convictions under the act.

Mr. Garson: With all the good will in the world I am afraid I could not answer that question because, as I have indicated two or three times already this afternoon, the enforcement of these provisions is in the hands of the provinces. I doubt very much whether they keep any record of these convictions that is available to us. I would, however, draw this distinction. If two or three people make a pool amongst themselves, I think they are in a much different position from that of the bookmaker who accepts bets in contravention of the law.

Clause agreed to.

Clause 178 agreed to.

On clause 179—*Lotteries.*

Mr. Shaw: Probably the minister can enlighten me on this point. I notice one exception that is made under subsection 8 is this. It refers to raffles for prizes of small value. Earlier we learned that it was not an offence if it were done occasionally. What is the thinking behind this? Can the minister tell me that? What justification can there be for saying that it is either morally or legally right to have prizes of small value, yet to have prizes of medium value is wrong; or that it is all right if you do a thing occasionally, but if you go beyond that it is an offence? I should like to know what the thinking is on the part of those who support this type of thing. That has always been a conundrum to me.

Mr. Garson: My friend the hon. member for Red Deer, with his usual discernment and some gentle irony, has put his finger upon the main reason why the subject of lotteries is now being investigated by a joint committee of the House of Commons and the Senate. I would suggest that he await the report of that committee for an answer to his question.

Mr. Shaw: May I just point out to the minister, Mr. Chairman, that I will not have to wait that long. I am a member of that committee.

Clause agreed to.

Clauses 180 to 190 inclusive agreed to.

On clause 191—*Criminal negligence.*

Mr. Fulton: This is a new section, Mr. Chairman. I have here a note from a person who is learned in the law, far more learned than I, to the effect that this section does not really accomplish anything.

Mr. Knowles: Somebody very learned in the law must have drafted it.

Mr. Fulton: The point of the criticism which I shall try to reproduce is that at the present time, under the present code, it is true that there is a distinction between criminal negligence and ordinary negligence such as that which will found an action at common law. This is apparently an attempt to carry that distinction into statutory language.

I know the section is new. The meat of the note which I have received is that when you define or attempt to define criminal negligence, it is by that very fact suggested that you are trying to define in statutory form a type of negligence which differs in some respects from negligence at common law but that this statutory definition fails to do so, and that it is going to confront courts and juries with considerable difficulty in interpreting this section to leave it in this form.

I wonder whether the minister could make any comment. I realize it is really a theoretical matter, but inasmuch as my informant says that, in his considered opinion, it will confront the courts with great difficulty, I think perhaps we should have a word about it.

Mr. Garson: Clause 191 represents an attempt, and I think a successful one, by the commission to derive a statutory provision from the case law, which holds that before there can be criminal responsibility for a breach of duty it must amount to such conduct as shows a wanton and reckless disregard for the lives or safety of others. Perhaps my hon. friend's correspondent means, when he says that this does not make any change in the law, that it merely restates that law which

has already been established by the cases. If that be a correct interpretation of my hon. friend's correspondent's attitude I think clause 191 at least has the merit of being put in a lucid and condensed form that the ordinary person can read and understand. He then will not have to go to the case books to read the judgments and abstract from them the principles that are stated here.

Clause agreed to.

On clause 192—*Causing death by criminal negligence.*

Mr. Shaw: My question may not apply specifically to this clause; I am merely seeking information. Under what clause of the code is a charge usually laid when parents leave a tiny child alone in the home and a fire breaks out, or something happens that results in the death of the child? Those things seem to be cropping up with grim frequency lately, and I am wondering what charge is usually laid in such cases.

Mr. Garson: My hon. friend asks what charge is usually laid. I have not had occasion to check the total number of charges that have been laid in these cases of which he speaks to see whether the charge usually laid is under this clause. But I can say that a charge that could be laid and in many cases is laid on a set of facts of that sort, depending upon their gravity, would be under this section which, as my hon. friend can see, can carry a penalty of imprisonment for life.

Mr. Knight: I should like to ask the minister whether under this clause there is a way of dealing with people who refuse certain medical treatment for their children which in the opinion of medical men is necessary to save the lives of those children. I have noticed many cases lately where people of certain so-called religious faiths have refused to have a child treated in the case of diphtheria, for instance, by serum or something else which under ordinary circumstances would save the life of the child. They refuse the treatment and the child is allowed to die. I am merely a layman and do not understand these matters, but I am wondering if the code contains any provision to deal with such a situation or if it is dealt with under clause 192.

Mr. Garson: My hon. friend will realize that these charges of neglecting to provide proper medical attention will vary a good deal in their seriousness from one case to another. Some will be very serious indeed, perhaps resulting in the death of the child, and others not so serious either in the offence or in its consequences. Where gross criminal negligence had been shown I would think that a charge could be laid under section 192, but there is also a clause in the code which makes it a crime to fail to provide the necessities of life for those for whom one as a parent, for example, is responsible.

Mr. Fulton: I wonder if I might have your permission, Mr. Chairman, and that of the committee to consider clauses 191 and 192 together. You will observe that clause 192 states:

> Every one who by criminal negligence causes death to another person is guilty of an indictable offence and is liable to imprisonment for life.

That is a new section. Criminal negligence is defined in clause 191 which reads as follows:

> (1) Every one is criminally negligent who
> (a) in doing anything, or
> (b) in omitting to do anything that it is his duty to do, shows wanton or reckless disregard for the lives or safety of other persons.

As section 191 reads now, it seems to me it could be that a person who in doing something shows wanton or reckless disregard for the lives or safety of other persons is guilty of criminal negligence, and is then liable by clause 192 to imprisonment for life. Certainly a person who takes a gun and shoots another person, even although he does it deliberately, could be said to be doing something and in doing that something showing a wanton or reckless disregard for the lives or safety of other persons. It is certainly a wanton disregard for the life of the other person.

Therefore it might be alleged that such a man is guilty of criminal negligence in that he has taken a life, and is therefore guilty of an indictable offence and liable to imprisonment for life, whereas in fact he is guilty of murder. I am quite sure it is obvious that the intention was that this particular offence should not come under clause 192, but I suggest it does by virtue of the fact that the words "that it is his duty to do" in 191(b) are not inserted in such a position that they also qualify "in doing anything" in 191(a).

It is not a man's duty to shoot somebody else. Therefore I suggest the clause might be put this way:

> 191. (1) Every one is criminally negligent who
> (a) in doing anything that it is his duty to do, or
> (b) in omitting to do anything that it is his duty to do, shows wanton or reckless disregard for the lives or safety of other persons.

Then you will avoid the possibility that a deliberate crime of murder might be alleged to come under clause 192, and also the possibilities of confusion. If you would insert the words "that it is his duty to do" after the word "anything" in paragraph 1 (a) of 191 I should think you would better reflect the intention of the drafters.

Mr. Garson: I am not entirely sure that I got my hon. friend's point, but if I indicate in my comments that I do not apprehend it correctly I hope he will clear up the point for me. I cannot agree with him for this reason. Clause 191 (1) states that everyone is criminally negligent who in doing anything shows wanton or reckless disregard for the lives or safety of other persons. The gravamen of that offence is not whether he is doing something that it is his duty to do. If it is not his duty to do it, then that is all the more reason why he should not show wanton negligence in doing it. But the gravamen of the offence is that in doing anything, whether it is his duty to do it or whether it is not his duty to do it, he shows wanton and reckless disregard for the lives and safety of others.

Mr. Rowe: That could include an automobile case.

Mr. Garson: Oh, yes. If he is doing something that it is not his duty to do, if he is doing something that he should not be doing, and he does it with wanton and reckless disregard, then the fact that it is not his duty to do it makes his offence all the more culpable.

Mr. Fulton: He can be found guilty of killing a man by criminal negligence under clause 192 and be liable to imprisonment for life. But that is not the case. He murdered him. He did something that it was not his duty to do, and he did it with such wanton disregard for the life of another that he murdered him. Yet he is also covered by clause 192. Take the case of the driver of a motor car. To follow the minister's answer, the person who is driving a car does not have to do so. Therefore the minister says that in doing so he should be more careful and if he does so with wanton carelessness he should be punished. Well, he will be under the words of (b), even if it is entirely independent of (a), because if in driving that car he does so in a wanton or reckless manner he is omitting to take care, which it is his duty to do. It is the duty of everybody to take reasonable care; that is a duty imposed by law at the present time. In omitting to take reasonable care he is omitting to do something it is his duty to do.

I suggest that everybody is, in fact, covered in that regard. In driving a car without regard for the safety of a person he is omitting to do something it is his duty to do. I think those words should be qualified in (a) by "in doing anything", for the reasons I have put forward. If that is not done, you are going to get some measure of conflict between homicide caused by criminal negligence and homicide meaning murder, because at the present time murder would also be covered by section 191 read in conjunction with section 192. A person would be doing something, and showing wanton disregard for the lives of other persons, if he shot a man deliberately. There could not be any more wanton disregard for the life of another person.

As a result, according to this definition, he has committed nothing more than criminal negligence. Actually, he has. He is guilty of murder, and could be hanged. I do not want to have any confusion between the two. Therefore I suggest that would be taken care of entirely if (a) read, "in doing anything it is his duty to do", and (b) read, "in omitting to do anything it is his duty to do". If a man is careless in driving a car or in operating anything else, whether or not it is his duty to do it, he is omitting to do something he should do. It is his duty to take reasonable care, and that is a duty imposed upon him by law. You are not, therefore, weakening (b) but you are strengthening (a).

Mr. Garson: I am afraid I cannot agree with my learned friend, either as to his conclusion or the reasoning by which he reaches it. It seems to me that clause 191 describes two forms of criminal negligence. The first one reads this way:

> Every one is criminally negligent who
> (a) in doing anything,
> (b) . . . shows wanton or reckless disregard for the lives or safety of other persons.

Now, that seems to me to be as clear as anything could be. If he does anything, and in the doing of it shows wanton disregard, then that is criminal negligence. For example, if he is out shooting with a friend and shoots in such a way that he shows wanton and reckless disregard for the lives or safety of others and thereby shoots his friend's head off, he is obviously doing something, and in doing it he may be showing a wanton and reckless disregard for the lives and safety of others. In such case his conduct clearly falls within that section.

When my hon. friend suggests there is danger of confusion with a charge of murder, if he will look down the page a bit he will see that clause 194, subclause 5, states that a person commits culpable homicide when he causes the death of a human being by criminal negligence. In a given case the crown prosecutor has the choice of bringing in an indictment either for culpable homicide or for criminal negligence. I think my hon. friend would agree that in some cases, if my memory serves me rightly, on a charge of

culpable homicide the jury will bring in a verdict of criminal negligence and the sentence is imposed accordingly. Each of those cases is disposed of on the facts before the crown prosecutor in deciding what charge he should lay, and on the facts before the jury in deciding of what crime the accused is guilty.

Clause agreed to.

Clause 193 agreed to.

On clause 194—*Homicide.*

Mr. Knight: Again I should like to raise with the minister this matter of innocent children suffering from being under the control of ignorant or fanatical parents. According to clause 194, subclause 5, a person commits culpable homicide when he causes the death of a human being by criminal negligence. I do not know the minister's interpretation of this clause in regard to homicide, whether that is the crime committed by these people of whom I have spoken, but there have been several instances of little children being left by people in rickety old wooden houses in which there was danger of fire. The parents go off for an evening's entertainment. They come back to find the children as well as the house in ashes. That is one thing.

There are even more serious cases, and I am thinking of diphtheria. In these days medical science can do wonders to save lives. There are also instances of children needing blood transfusions, and the parents simply refuse to permit it. Surely we have got past the stage when we believe that because a child has the misfortune to be born to certain types of parents, the parents then have that child as a possession and can do anything they like. So far as I am concerned the child is a new being by virtue of birth, and has certain rights. Surely society has some obligation in that matter. I am wondering if anything is done or if it is proposed to do anything in these particular cases.

The minister will tell me, of course, that the law is here and anyone can prosecute. It is a matter for the provinces, and this is the law by which they can prosecute. We have had some rather drastic cases in the past and, so far as I am concerned, if anything is homicide, that is it. Would the minister care to comment on what I have said?

Mr. Garson: The only comment I would offer, Mr. Chairman—I am sorry I cannot recall the names of the cases now—is that there have been cases where the parents have been prosecuted by reason of their failure, sometimes for the most conscientious of reasons, to provide medical attention. There have been convictions registered against those parents. I am thinking of a couple of cases in my own province, and perhaps my hon. friend can recall cases in his. It is not as if we had a gap in our law under this heading. It is just a case of the prosecuting authorities applying the existing law to the facts in those cases as they arise, as has been done on several occasions in the past.

Mr. Zaplitny: I wonder if the minister would throw some light on subclause 6 of clause 194, which makes an exception in the case of a person procuring, by false evidence, the conviction and death of a human being by sentence of the law. There must be some reason for making that exception. I can foresee that a person might procure evidence in good faith, and which they believe is true, but which might turn out to be false. Whether that is the reason, or whether there are other reasons, I should like to know why that exception is made because on its face it appears to be an equally vile offence when compared with the preceding one.

Mr. Garson: I do not know in what way I can answer my hon. friend better than by quoting from Stephen, "History of the Criminal Law", where he refers to the trial for perjury of Titus Oates and says in volume III at page 9:

> Oates directly and distinctly caused the death of several innocent persons by perjury, but the fact that the judges and juries who tried the cases acted upon their own responsibility and because they chose to believe Oates's testimony, so disconnected his perjury from the death which he caused that even in 1685—

They had a very strict view of the criminal law in 1685.

> —it was not thought possible to convict him of murder.

Mr. Zaplitny: That is partly what I had in mind, but the minister will notice that this does not refer particularly to a person giving false evidence; it refers to procuring by false evidence. That could go beyond the witness himself, beyond the person who is giving the false evidence. It could also include the officials. For example, the prosecutor may procure false evidence knowing that it is false. It would appear that in a case of that kind he is doing something which is culpable, and on the face of it I see no reason for the exception. What I am trying to get at is this. This exception is made by virtue of the fact that it refers to evidence which the prosecutor believes to be true but which turns out later to be false. Would we

have this blanket exception under certain circumstances? Whether he knew the evidence was false or not, he is set free of a culpable charge.

Mr. Garson: Well, I think one of the main reasons why the subclause is retained in the law is that if there were not some saving clause of this kind one can understand that no one would regard with a great deal of enthusiasm appearing as a witness in a capital case. They would fear that if the accused were found guilty and it later turned out that the evidence which the witness gave in good faith was wrong, the witness might then be open to be charged with the murder of the accused by reason of the fact that his evidence was wrong. As a result there might not be too many people come forward as volunteers to be witnesses in capital cases.

In addition to that, there is this principle that I have already enunciated; that is, that while our courts are made up of human and therefore fallible judges, and human and therefore fallible juries, they have an unavoidable responsibility of appraising the evidence which is given by all of the witnesses and forming their opinions concerning it. Therefore it is very difficult later on to say that there is a direct nexus or connection between the false evidence given by a particular witness and the incorrect verdict.

Mr. Zaplitny: I appreciate that, particularly the last part of the explanation. It makes good sense. But I was wondering whether or not it would be wise to make a distinction there in the connective "by procuring by false evidence". I am wondering whether it should not include the words "in good faith". It does make a difference.

Mr. Garson: It is procuring a conviction by false evidence. There is a comma there. If there were any doubt, there is a comma after procuring.

Mr. Nowlan: I was wondering about the definition of "homicide". In subclause 5 (a) it says "by means of an unlawful act." Then we go back to clause 191 which gives the definition of criminal negligence. It says:

> Every one is criminally negligent who
> (a) in doing anything, or
> (b) in omitting to do anything that it is his duty to do, shows wanton or reckless disregard for the lives or safety of other persons.

Without having a chance to check the authorities—and frankly the committee has made more progress in the last 20 minutes than I thought we were going to make, for which it should be commended—my impression is that at one time it was "owing a duty". You have that in 191 (b):

> In omitting to do anything that it is his duty to do,

Then you go back to (a) and you find:

> in doing anything—

—whether one owes a duty or not. Then you come down to clause 194 and you find that a man is guilty of culpable homicide when he causes the death of a human being by means of certain acts.

I think we are going the wrong way about this matter, Mr. Chairman. I am not asking the Minister of Justice, as some have been doing, to give his opinion on something which obviously will have to be interpreted by the courts later on, but you are opening up a whole new field in this matter when you refer to an unlawful act. Take the motor vehicles acts of the various provinces. If you drive over 20 miles an hour, or perhaps it is 10 miles an hour, you are committing an unlawful act. Now, are you going to be guilty of homicide because you happen to be guilty of not stopping at a stop sign in my town of Wolfville? You are guilty of an unlawful act. Possibly, and apparently probably under this code, you are going to be guilty of culpable homicide for so doing.

Of course the Minister of Justice will appreciate that heretofore we have had the common law and the statute law. Now, as I understand it, the whole law is included in this new code. I think we are going on very dangerous ground. Under the common law you had to owe a duty to somebody.

I go into the woods on a hunting trip and engage in some reckless target practice, we will say, in the morning after we have had a successful trip. I do not know that my friend, the hon. member for Kamloops, is anywhere within a thousand miles. I try to hit the target, and as a result he is struck and killed. I do not owe him any duty. I do not know he is there. I knew the Minister of Justice was hunting, and therefore I would owe him a duty, but I do not owe the member for Kamloops any duty; yet he is struck and killed. I was not doing anything that showed wanton or reckless disregard for the lives or safety of other persons.

I know we have passed clause 191 and that we are now dealing with clause 194. I say we should not have this definition—I will not say we should not have; it is not for me to say—but the committee should give very careful thought to this proposition, because undoubtedly we are enlarging the scope of the criminal law to an extent which I do not think

many of us have appreciated, and which I think the minister himself will have to admit is going to open the question to various interpretations in the courts.

Mr. Garson: I am afraid I cannot agree with what my hon. friend has said. If he will look at clause 194, which he has before him, he will see that it replaces portions of sections 250, 252 (1), 252 (4), 252 (3) and 252 (2). The substance of this has been carried into the new clause 194. If the hon. member will look at section 252 of the existing code he will find this in subsection 2:

Homicide is culpable when it consists in the killing of any person, either by an unlawful act—

—which is exactly the language being used in subsection 5 (a) of clause 194 of Bill No. 7.

—or by an omission, without lawful excuse, to perform or observe any legal duty—

—which is the substance of criminal negligence in clause 191 of this bill. Then if the hon. member will turn to clause 194 (5) he will see this:

A person commits culpable homicide when he causes the death of a human being,
(a) by means of an unlawful act,
(b) by criminal negligence.

What has been done is this. The provisions in 252 (2) of the existing Criminal Code have been carried forward into clause 194 of Bill 7, using the words "by means of an unlawful act" as a straight repetition of language from the existing section, and then referring to the phrase which appears in section 252 of the existing Criminal Code:

—or by an omission, without lawful excuse, to perform or observe any legal duty—

—by referring to that as criminal negligence, as it is made to be by clause 191 of Bill 7. Does my hon. friend follow that?

In just a moment I shall deal with this question of an unlawful act. My hon. friend is worried that a man should be brought up on a charge of homicide based upon an unlawful act. The language to which he is referring, as it appears in the existing code, has been before the courts on a number of occasions and has been interpreted by the judges. I am now referring to Tremeear, fifth edition, page 284, which states:

It has been held that the unlawful act which results in death must, to render homicide culpable, be not merely *malum prohibitum*,—

That is a wrong which is prohibited by law.

—but *malum in se*: R. *v.* Oxley (1914), 23 C.C.C. 262; R. *v.* Lawson (1938) 70 C.C.C. 384. In both these cases deceased was accidentally shot by accused while hunting in violation of provincial game laws: compare R. *v.* Forseille (1920) 35 C.C.C. 171.

But in R. *v.* Nickle (1920) 34 C.C.C. 15,—Stuart, J. with whom Harvey, C. J., concurred, said:

"In my opinion there can be no question, where we find a statute passed obviously to protect the members of the public from danger, from the danger of bodily injury, and where that statute for that purpose forbids the doing of a certain act, that the act if done contrary to the statute is such an unlawful act as is contemplated by sec. 252 . . . The circumstance that the statute is provincial can, if it is intra vires, make no difference."

This decision has not escaped criticism, but has not been definitely overruled; see R. *v.* Constable (1936) 66 C.C.C. 206; R. *v.* Wilmot (1940) 74 C.C.C. 1;

A view which might harmonize these decisions was expressed by Ferguson, J.A., in R. *v.* D'Angelo, 1927, 48 C.C.C. 127, where, after referring to the authorities, he said:

"—the weight of authority and the proper view of the law is that where without intent to do injury to the person or property of another death results from the doing of an act which is not *malum in se* but is merely *malum prohibitum*, the wrongful act is not the kind of an act that the criminal law requires as a foundation for a charge of manslaughter unless the statute or prohibition violated is one designed and intended to prevent injury to the person, or the prohibited act is accompanied by negligence."

My hon. friend can see therefore that this is not new law as he is suggesting; it is law which has been interpreted in a number of decisions and in the form of case law which has been clearly settled.

Mr. Nowlan: I quite agree with the minister in so far as this definition of homicide and the particular section with which we are dealing at the moment is concerned. Of course what he has stated is correct and in accordance with the law as he and I both understand it. The point which I raised, and which takes us back of necessity to clause 191, is that the present clause 194 says:

A person commits culpable homicide when he causes the death of a human being,
(b) by criminal negligence.

I am saying that the definition of criminal negligence in clause 191 has changed the law as I understand it. I do not think there is any conflict between the minister and myself as to the words, but there is a conflict in the conclusions at which we arrive. If I am right in saying that by omitting the duty part of clause 191 you are enlarging the basis of criminal negligence, then you certainly are widening the matter as set forth in clause 194 (5) (b). I say again that, as I have understood criminal negligence in the past, it consisted of doing something to someone to whom you owed a duty, or to whom you should have known you owed a duty. Clause 191 reads:

Every one is criminally negligent who
(a) in doing anything, or
(b) in omitting to do anything that it is his duty to do, shows wanton or reckless disregard for the lives or safety of other persons.

I am suggesting that as I understand the law, you have a duty under (b) and you have not a duty under (a). I could refer the minister to section 284 of the code, with which I know he is familiar, or to the reckless driving and other sections which deal with this matter and which judges have to read at great length to juries when they are charging them as to murder and so on. Section 284 reads:

> Every one is guilty of an indictable offence and liable to two years' imprisonment who, by any unlawful act, or by doing negligently or omitting to do any act which it is his duty to do, causes grievous bodily injury to any other person.

Under clause 191 as we have it now that has been struck out. I would not think it so serious if it were not for the fact, as the minister pointed out the other day, that we are doing away with the common law. We are codifying the whole matter within the pages of this statute. I am not going to take time to argue what is obviously a legal question and in connection with which frankly I am not prepared to deliver a Jovian judgment.

Despite what the minister has said, I do feel that this is enlarging to a substantial degree the scope of the criminal law as heretofore dealt with in our courts. We are removing the common law entirely from this, and are creating a situation which certainly is going to be determined not in this building but in one not too far away from here, in the very near future.

Clause agreed to.

Clauses 195 to 205 inclusive agreed to.

On clause 206—*Punishment for murder.*

Mr. Knowles: Mr. Chairman, I wish to say a few words with respect to clause 206, which provides for capital punishment. I realize this clause deals with a matter which has been referred to a special committee. I think, too, it can be said that we are now quite familiar with the position taken by the Minister of Justice in regard to matters which have been referred to that committee. Nevertheless, even though I fully understand the minister's view that a gap cannot be left in the law, the fact of the matter is that we are now being called upon to enact this clause so far as the Criminal Code of Canada is concerned.

If the suggestion I am going to make in a moment cannot be acceded to, then those of us who are opposed to the continuation of capital punishment will have no alternative but to vote against this clause. The suggestion I offer to the minister is that clause 206 be permitted to stand. My reason is that I do not believe any one of us knows how long that committee will take in its deliberations, nor have we any idea when it will make its final report on capital punishment and the other subjects assigned to it. Neither does anyone here know how long this committee of the whole is going to take in dealing with the Criminal Code. It is possible that the special committee might make its report before we have finished with all the clauses of the code here in the committee of the whole.

Bearing that in mind, I wonder if the minister would be willing to let clause 206 stand.

Mr. Garson: Mr. Chairman, might I just emphasize what we will become involved in by allowing this clause to stand. I have not the slightest objection to allowing clause 206 to stand in the same manner in which we have allowed other clauses to stand, and if this is all my hon. friend refers to then I shall raise no objection. However, if he means that by allowing it to stand we should not pass it when we pass Bill No. 7 and repeal the existing code, and that we thereby leave out of the new code for an interval of time any prohibition of the crime of murder—but I do not think he means that, does he?

Mr. Knowles: I am sure the minister would not suggest that is what I meant. In fact when I made my request I admitted that a gap could not be left in the code. Something has to be put in the code dealing with the crime of murder. My point was that conceivably the special committee might make its report before we have finished with all the clauses in committee of the whole, and conceivably it might recommend against capital punishment. If that were the result of the committee's deliberation we could, if my suggestion were accepted, then consider the report of that committee.

Mr. Garson: In the meantime it would save my hon. friend and his colleagues from giving even a small measure of support to something to which they might be opposed in principle. If that is the purpose I would be quite in sympathy with the suggestion put forward by my hon. friend.

Mr. Knowles: That is a correct statement of the purpose of my request.

The Deputy Chairman: Clause 206 stands.

Mr. Nowlan: Might I ask one question, Mr. Chairman. We have passed through a number of very important sections in an extremely rapid manner. The minister knows that the courts very often say that parliament has

done so and so, and just for the record I would like to say that if the courts look at what parliament has done in dealing with these clauses they must wonder.

I would like to refer to clause 203, which I have cause to remember, and the clause thereof dealing with provocation. Can the minister tell us whether that clause makes any change in the law as that law is interpreted by the courts today, or is it merely a matter of changing the drafting of the subclause? I would like to have an explanation of that on the record.

Mr. Garson: It is a change in form only. This concerns the existing section 261, and if my hon. friend will look at that and compare it with the proposed clause he will see there has been no change in substance.

On clause 207—*Punishment for manslaughter.*

Mr. Lusby: I wonder whether I may ask the minister whether section 207 is really necessary in view of the provisions of clause 192? It seems to me this is merely a duplication. Surely manslaughter comes within the provisions of clause 192.

Mr. Garson: Yes, I think it is necessary. While my hon. friend is no doubt referring to the fact that punishment in each case is imprisonment for life, the clause is still necessary because while the maximum punishment may happen to be the same, the set of facts you have in one case might enable you to prove criminal negligence and no more than that, and in another case you might be able to establish a charge of manslaughter. It is therefore necessary to preserve the two clauses.

The Deputy Chairman: Shall clause 207 carry?

Some hon. Members: Yes.

Clause agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take third reading of the amendment to the Export Credits Insurance Act; second reading of the Bank of Canada Act; second reading of the War Service Grants Act amendment, and then the Criminal Code.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, February 25, 1954

The house met at 2.30 p.m.

ST. LAWRENCE SEAWAY

FURTHER STATEMENT ON POSSIBLE EFFECTS OF DIVERSION AT CHICAGO

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, on a question of privilege, yesterday in answer to a question by the hon. member for Vancouver-Quadra (Mr. Green) I stated that 1,000 c.f.s. diversion at Chicago would have some effect on the seaway project. I said that it would have a serious effect on power but little adverse effect on navigation. I think at this time I should make this clarification, that the hon. member's question was directed to me in so far as the seaway project itself was concerned and had nothing to do with the effect on water levels in the great lakes or in downstream interests.

Mr. Green: I included the power project.

Mr. Chevrier: In case I may have created a misapprehension or left the house under a misunderstanding, I think I should state now that the additional diversion of 1,000 c.f.s. will have an adverse effect upon navigation in the great lakes, and so far as the St. Lawrence river is concerned, while it is true that it would have little adverse effect during a high water cycle, I am informed it would have a detrimental effect on downstream interests during a period of low water.

[*Later:*]

SUGGESTED REPRESENTATIONS TO GOVERNMENT OF UNITED STATES

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, in view of the seriousness of the proposed diversion of water from the great lakes, as emphasized by the Minister of Transport—I regret that I have not notified the Secretary of State for External Affairs of my question—I should like to know whether the Secretary of State for External Affairs is giving or would give consideration to recommending to the government that a special representation from the government of Canada be made to the government of the United States, having regard to the possible serious effect on our power development and transportation developments on the great St. Lawrence project?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, representations have already been made on this subject. I should be glad to table tomorrow the note from the Canadian government to the United States government.

WHEAT

STATEMENT WITH REGARD TO 1952-53 WHEAT POOL

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I would like to make a statement to the house in regard to the 1952-53 wheat pool. Briefly, the record of the 1952-53 pool is as follows:

Receipts from producers from August 1, 1952 to July 31, 1953 amounted to 533,016,978·9 bushels. The pool also received 103,208,409·5 bushels from the 1951-52 pool by transfer and 2,110,381·9 bushels were received from others than producers. The total volume of wheat received by the 1952-53 pool was therefore 638,335,770·3 bushels. The pool commenced with an initial payment of $1.40 per bushel basis No. 1 northern in store Fort William/Port Arthur or Vancouver. On March 2, 1953 the initial price was increased to $1.60 per bushel and an adjustment payment of 20 cents per bushel was made on all grades of wheat except Durums, delivered to the pool between August 1, 1952 and February 28, 1953. On September 24, 1953 an interim payment of 12 cents per bushel was authorized and paid on all grades of wheat delivered to the 1952-53 pool by producers.

Of these total receipts of 638,335,770·3 bushels, remaining stocks on January 30, 1954 were 148,679,561·7 bushels against which the board had priced open sales contracts of 21,404,291·1 bushels. The net stock position on January 30, 1954 was 127,275,270·6 bushels.

The Canadian wheat board has recommended that the 1952-53 pool be closed as at January 30, 1954 and remaining stocks as well as priced open contracts be transferred to the 1953-54 pool as at January 30, 1954. The board further recommended that priced open contracts should be transferred

on the basis of contract prices and that unsold stocks of wheat should be transferred basis at market prices less an allowance for carrying charges subsequent to the transfer and for market risks.

The government has concurred in the wheat board's recommendation in respect to closing the 1952-53 pools and the basis of the transfer to the 1953-54 pool.

The final surplus in the 1952-53 pool is $58,282,438.38 after deducting the Prairie Farm Assistance Act levy and final payment expenses and adding estimated interest earnings subsequent to January 30, 1954. This is the net surplus payable to producers and amounts to an average of 10·934 cents per bushel on their deliveries to the 1952-53 pool.

I might add that including the proceeds of the interim payment last fall, which amounted to $63,962,036.83, the total surplus in the 1952-53 pool was $122,244,475.21 over and above the adjusted initial price of $1.60 per bushel basis No. 1 northern in store Fort William/Port Arthur or Vancouver. This compares with the final surplus in the 1951-52 pool of $114,585,112.69.

The final 1952-53 payment to producers on the principal grades of wheat will be as follows: No. 1 northern, 9·653 cents per bushel; No. 2 northern, 9·963 cents per bushel; No. 3 northern, 10·341 cents per bushel; No. 4 northern 13·454 cents per bushel; No. 5 wheat 9·292 cents per bushel; No. 6 wheat 14·397 cents per bushel; feed wheat, 14·679 cents per bushel.

The foregoing payments also apply on toughs and damps of each grade.

Prior to the deduction of the Prairie Farm Assistance Act levy, the net price realized by producers for No. 1 northern wheat basis in store Fort William/Port Arthur or Vancouver will be $1·81871 per bushel. The corresponding realized price for the 1951-52 pool was $1·83569 per bushel.

The house will be interested in the results obtained in respect to milling grades of Durum wheat. During 1952-53 board receipts of Durum wheat were 8,288,289·8 bushels. Hon. members will recall that effective March 2, 1953, the initial price of Durum grades of wheat was increased to $1.65 per bushel basis No. 1 amber Durum and the adjustment payment on all grades of Durum was 25 cents per bushel. The final payment on the principal grades of Durum wheat are as follows: No. 1 amber Durum, 45·747 cents per bushel; No. 2 amber Durum, 47·472 cents per bushel; No. 3 amber Durum, 53·646 cents per bushel; No. 4 amber Durum, 52·115 cents per bushel.

[Mr. Howe (Port Arthur).]

The above payment will also apply to toughs and damps of each grade. Prior to the deduction of P.F.A.A. levy, the net price realized by producers for No. 1 amber Durum basis in store Fort William/Port Arthur was or will be $2·2330 per bushel as compared with $1·83569 per bushel in 1951-52. The high final payments on milling grades of Durum wheat are due to a very active demand for this variety of wheat and a limited supply not only in Canada but in other exporting countries.

The wheat board is in a position to commence the distribution of the final payment on the 1952-53 wheat pool on or about March 15.

Mr. Fulton: Explain.

Mr. Howe (Port Arthur): Perhaps you need an education.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I would like to ask the minister a supplementary question, though before doing so I would intimate that the prices he has announced are quite satisfactory. My supplementary question is this. Can the minister inform the house whether it will be government policy this year, as in recent years, to make an interim payment on the current wheat crop? As the minister is no doubt aware, this is about the date in previous years when an interim payment was made.

Mr. Howe (Port Arthur): Mr. Speaker, government policy will be announced in due course. I may say, however, for the information of the hon. member, that an interim payment will not be made at the present time for the very good reason that we have not as yet sold any wheat from the last crop.

RAILWAYS, CANALS AND TELEGRAPH LINES

THIRD AND FOURTH REPORTS OF STANDING COMMITTEE—CONCURRENCE IN FOURTH REPORT

Mr. H. B. McCulloch (Pictou) presented the third and fourth reports of the standing committee on railways, canals and telegraph lines, and moved that the fourth report be concurred in.

Motion agreed to.

QUESTIONS

DEFENCE WORKERS HOUSING, HALIFAX

Mr. Balcom:

1. How many houses have been built in Halifax area under the defence workers housing loans regulations?
2. What is the amount of the loans on these houses?

Mr. Bourget:

1. Houses built or in the process of being built number 80.

2. Individual loans range from $6,000 minimum to $10,000 maximum and in total amount to $615,890.

WOLFVILLE, N.S., PUBLIC BUILDINGS

Mr. Nowlan:

1. During the calendar years 1952 and 1953, what was the total amount of money expended for repairs, renovations and additions to the dominion public building at Wolfville, Nova Scotia?

2. During the same period, what was the total amount of money expended on the grounds of the said building for (a) grading; (b) paving?

Mr. Bourget:

1. Calendar year 1952, $48,943.35; calendar year 1953, $117,336.85.

2. (a) and (b) calendar year 1952, $3,077.82; calendar year 1953, $2,353.98.

Note: It is not possible to give the breakdown for grading and paving, as both are included in one general contract.

CANADIAN NATIONAL RAILWAYS—CHARCOAL

Mr. Pouliot:

1. From whom did the Canadian National buy its charcoal during each of the last five years, and at what price?

2. What was the address of the suppliers of such charcoal?

3. What quantity was bought from each of them?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. (a) Mr. Alexandre Paquet.

(b) It is not the policy of the company to divulge the nature and details of contracts or orders between the railway and other parties for the supply of materials required for company use.

2. St. Raymond, Que.

3. See answer to No. 1(b).

TENDER C-18-1T-24-14

Mrs. Fairclough:

1. To whom did the Department of Defence Production award the contract covering item No. 48 of tender C-18-1T-24-14?

2. What price was quoted by the successful tenderer?

3. What was the range of prices quoted by all tenderers?

4. How many tenders were received?

Mr. Dickey:

1. Sterling Stamp and Stencil Company, London, Ont.

2. $5.88 per set, sales tax included, terms net, delivered.

3. $5.88 per set to $17.82 per set.

4. Eleven.

Questions

BILINGUAL CIVIL SERVANTS

Mr. Girard:

1. What proportion of civil servants are bilingual?

2. What proportion of civil servants of English origin are bilingual?

3. What proportion of civil servants of French origin are bilingual?

4. What is the proportion of government publications and stationery printed in both languages?

Mr. Pickersgill:

1, 2 and 3. No information is available. Except where bilingualism is a qualification for a position, no attempt is made to determine whether candidates for the public service are bilingual though they are usually asked about the extent of their knowledge of the two official languages. Many public servants, of course, have considerable knowledge of both official languages who would hesitate to describe themselves as bilingual.

4. So far as publications are concerned, the proportions are approximately 70 per cent in English and 30 per cent in French. No attempt is made to measure the proportions for stationery as any standard of measurement would be practically meaningless.

TAX COLLECTIONS, 1953

Mr. McCullough (Moose Mountain):

How much was collected by the government in 1953 from (a) excise tax; (b) sales tax?

Mr. McCann:

(a) Total excise taxes collected in 1953, including sales tax, were $1,048,183,491.01.

(b) Of the above total, sales tax amounted to $757,570,502.24.

QUESTION PASSED AS ORDER FOR RETURN

HAROLD C. BANKS

Mrs. Fairclough:

1. Did the Minister of Labour or his officials, following the press reports of court proceedings in Montreal, take steps to inform themselves as to the background of Harold C. Banks before his appointment as the Canadian representative to the conference of I.L.O. at Geneva was approved?

2. If so, did the Minister of Labour consider the said Harold C. Banks an appropriate representative of Canadian organized labour at such a conference?

3. When Mr. Banks' appointment and intended departure for Geneva was fully reported in the press, did the Minister of Justice or his officials inform the Minister of Labour regarding Mr. Banks' court record? If so, on what date?

4. At the time Mr. Banks came to Canada did he enter as an immigrant intending to reside in Canada, or as an organizer coming to this country temporarily for the purpose of organization?

5. If he came as an immigrant, did his declaration disclose his court record in the United States?

6. If so, why was he admitted?

7. If not, on what date was it discovered that the declaration was incorrect and what action was taken in pursuance of such discovery?

Inquiries of the Ministry

8. If Mr. Banks did not enter as an immigrant, under what arrangements has he remained in Canada during the past five years?
9. Was the Department of Citizenship and Immigration at any time made aware of the court record of Mr. Banks in the United States?
10. If so, what action did the Department of Citizenship and Immigration take in regard to this matter?

COMMUNISM

ALLEGED COMMUNIST PUBLICATIONS IN CANADA SUBSIDIZED FROM ABROAD

On the orders of the day:

Mr. Michael Starr (Ontario): Mr. Speaker, I wish to ask a question of the Minister of Citizenship and Immigration. It is based on an article in today's Montreal *Gazette*, reporting a statement made by an official of the citizenship branch, to which I have called the minister's attention. My question is this. Does the government hold the view there expressed that there exists in Canada a group of communist publications whose aim is the furtherance in Canada of the objects of international communism, which are subsidized from abroad, guided from Toronto, and aimed chiefly at new Canadians?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the hon. member indicated that he intended to ask a question but until I heard him speak just now I did not know what the question was going to be. I have seen the article referred to in the Montreal *Gazette*. It is a report, which is not in quotation marks, of a lecture delivered last evening to a group known as the Montreal co-ordinating council for new immigrants. In so far as the report is concerned I see in it nothing that is contrary to the knowledge that exists in the Department of Citizenship and Immigration. The citizenship branch particularly has in it liaison officers whose duty it is to visit groups of new Canadians, to see that they understand the perils of communism as it is preached in Canada, and to take active steps to prevent new immigrants from coming under the influence of these people. Parliament votes the money for that purpose, and I think that duty is being carried out reasonably well.

So far as concerns the opinion expressed that there is in Toronto a headquarters from which communist propaganda is disseminated, I think it is common knowledge that the headquarters of the Labour-Progressive party was at one time, if it is not now, in the city of Toronto. I think it is also common knowledge that there are 12 or 14 foreign language newspapers which follow the communist line. The speaker, Mr. Boyd, was attempting to show how they followed a common line in almost everything, including an effort to undermine all the institutions in Canada that we try to uphold.

Mr. E. D. Fulton (Kamloops): I should like to ask a supplementary question of the Minister of Citizenship and Immigration or possibly the Minister of Justice, or both. I should like to ask whether there exists in Canada any legislation under which effective action can be taken to deal with this alleged communist-directed group who are aiming newspaper propaganda at new citizens. If so, I should like to ask what plan the government has for action accordingly?

Mr. Speaker: Is that question not in the nature of asking the minister to give a legal opinion?

Mr. Fulton: No.

Mr. Speaker: If there is legislation in existence, the hon. member can certainly make his own research on the matter. If the minister knows of one statute that he can quote to the hon. member, so that he can satisfy him, that is all right; but I would imagine that the hon. member could perhaps make his own research on the point.

Mr. Fulton: Mr. Speaker, a question similar to that one has been asked on a number of previous occasions; but if there is objection to the form of the question, perhaps I could put it this way. What action does the government propose to take to deal with the serious situation disclosed by an official of the citizenship branch of the minister's own department?

Mr. Harris: I thought I made it clear that the citizenship branch engages in activities designed to reach new Canadians especially—but all Canadians, as a matter of fact—in order to warn them of the evils of communist doctrines. As to the legal position with regard to any action to be taken against persons, I think my hon. friend will know perfectly well that that matter rests with the attorneys general of the provinces to prefer prosecutions under any laws there may be on the subject and for offences under them.

CANADIAN NATIONAL RAILWAYS

CANCELLATION OF COAL ORDER—DRUMMOND COLLIERY

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, may I be permitted to address a question to the Minister of Transport. Can the minister inform the house the reasons

why the Canadian National Railways cancelled a coal order that was to be supplied by the Drummond colliery located at Westville, Nova Scotia?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, the hon. member was courteous enough to send me notice of his question. I had been expecting this question now for some days and I had asked the Canadian National Railways for an explanation of the position. This is what the railways tell me.

The Intercolonial Coal Company ceased operations on October 29, 1953, after the mine was closed down. It was purchased by a Mr. Henry Thompson of New Glasgow and reopened as the Drummond Coal Company. The coal was never good but since the mine has reopened it has been even worse. There were delays in train service in December, January and early February due to the use of Drummond coal which was supplied to our locomotives at Joffre. On account of the complaints received from the operating department our fuel department has recently been sampling and analysing a number of cars of Drummond coal received at Joffre. The average ash content was 22·7 per cent which was about 3½ per cent higher than that of the coal we previously received from the Intercolonial Coal Company. Additional impurities have been found in the coal in the form of a hard heavy stone which the railways understand is known locally in Westville as "iron stone". The samples of this material indicate that it is hard and large enough to cause serious trouble to stokers of our locomotives. Apart from a small tonnage, the C.N.R. are receiving no coal from any other source that approaches 19 per cent ash, and for the reasons given above the C.N.R. have refused to continue taking Drummond coal. The maximum ash content accepted on United States coal is 10 per cent and on Canadian coal it is 14 per cent.

That is the purport of the information given to me by the Canadian National Railways.

WHEAT

SUGGESTED GIFT OF SURPLUS TO NEEDY COUNTRIES

On the orders of the day:

Mr. G. K. Fraser (Peterborough): Mr. Speaker, as a result of many letters I have received from persons in my own riding and in other ridings, I should like to address a question to the Acting Prime Minister and Minister of Defence Production. Has the government received any resolutions or petitions from various organizations across Canada asking that some of our surplus wheat be given to those countries which are unable to supply their needy people with sufficient food? Has consideration been given to this matter?

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, I have had no notice of this question. I would have to look through the files in order to make sure whether or not we have had any such letters. I believe we have had some from time to time. The question of giving away the property of the western producers is a serious matter. There might be objections. However, I shall be glad to prepare an answer and to give it at a later time.

Mr. Fraser (Peterborough): Thank you.

POST OFFICE

HIRING OF CASUAL LABOUR ON SATURDAYS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to address a question to the Postmaster General in view of press reports of recent days. Will the Postmaster General say whether or not his department has decided to abandon its previously announced intention of using casual help for the Saturday delivery of mail?

Hon. Alcide Coté (Postmaster General): I can only refer my hon. friend to the reply I made the day before yesterday to a question on the matter, wherein I promised to make a statement. I am hoping to make a statement tomorrow.

POWER

PASSAMAQUODDY PROJECT—INQUIRY AS TO PARTICIPATION IN ECONOMIC FEASIBILITY SURVEY

On the orders of the day:

Mr. A. J. Brooks (Royal): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. Is he prepared to answer a question that I asked on the orders of the day on February 15? My question then was as follows:

In view of the fact that the United States government has decided to investigate the feasibility of the development of the Passamaquoddy power project, is it the intention of the government to join in that investigation?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am in a position to answer this question now. It is one about which I have also received inquiries from the hon. member for Charlotte. The answer is that the Canadian government has

not been informed that the United States government has decided to investigate or to ask for an investigation of the feasibility of the development of the Passamaquoddy power project. The position is almost the same as it was when I answered a similar question by the hon. member for Royal on January 19 of this year. A resolution to request the international joint commission to undertake such a survey has been approved by the United States Senate but it has not yet been considered by the House of Representatives in Washington.

If the resolution is passed, and if as a result the United States government wishes the international joint commission to undertake the survey, the Canadian government would be prepared of course to give consideration to any proposal for a joint reference for that purpose. As I mentioned on January 19, the proposed survey is not a new idea. It was indicated in a report by the international joint commission, dated October 20, 1950, that a full-scale survey of this type would be necessary if the economic feasibility of the project is to be fully determined.

LIVESTOCK

EXPECTED OUTBREAK OF EQUINE ENCEPHALOMYELITIS—PREVENTIVE MEASURES

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture. Has the minister's attention been drawn to reports that a very serious outbreak of equine encephalomyelitis is expected in Saskatchewan this spring? If so, can the minister state whether or not the department is taking any steps to assure a sufficient amount of vaccine to combat the situation or to encourage farmers to vaccinate all horses?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I appreciate the fact that the hon. member gave me notice of his question. In reply to the first part I may say that I have not seen the article referred to by the hon. member for Moose Mountain. With regard to the second part of the question, I am advised that this is not a reportable disease under the Animal Contagious Diseases Act and therefore is a matter which will be dealt with by the provincial authorities. I am further informed that the vaccine is manufactured at the University of Saskatchewan and is available in commercial quantities. It is customary, however, for officers of the health of animals division of this department to closely observe all developments of this nature in order to be kept informed regarding the situation, and that is true with regard to this particular case.

COAL

INQUIRY AS TO JOINT MEETING TO CONSIDER INDUSTRY

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): I have a question which I wish to direct to the Minister of Mines and Technical Surveys, but as he is not in his seat it can stand as notice. I sent him a copy. Can the minister inform the house of the approximate date when representatives of his department will be meeting with the coal operators of Nova Scotia and the mine workers jointly for the purpose of determining the future of the coal industry? I may say that if we can have that meeting we may get some answers to the statement made by the Minister of Transport.

DUMPING

INQUIRY AS TO APPLICATION OF AMENDMENT TO ACT

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): The hon. member for Calgary South on Monday, February 22, and again on Tuesday, February 23, asked what products had been affected by the recent amendment to section 35 of the Customs Act. It will be recalled that on December 8, in reply to a question from the hon. member for Greenwood, I indicated that under this measure any industry which found itself suffering from unfair competition in the same form as the textile industry would be in a position to receive the same relief. To date action has been taken in respect of cotton dress goods and refrigerators.

Mr. Knowles: Does the answer the minister has given mean that there have been representations to his department from Canadian manufacturers interested in refrigerators?

Mr. McCann: It means exactly what I said. To date action has been taken in respect of cotton dress goods and refrigerators.

Mr. Knowles: When the legislation was brought in was it anticipated that it would cover refrigerators?

An hon. Member: For one who knows the rules—

IMMIGRATION

READMISSION OF HAROLD C. BANKS TO CANADA

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I should like to ask the Minister of Citizenship and Immigration whether he is now in a position to answer my question of February 23 regarding Mr. Banks.

Hon. W. E. Harris (Minister of Citizenship and Immigration): The answer to the present question is yes and the answer to the former question is yes.

Mr. Hamilton: I should like to ask the minister whether his department has located its file on Mr. Banks, which an official stated a couple of months ago had been mislaid.

Mr. Harris: For the second time I point out in answer to my hon. friend's question that I think you have ruled many times, Mr. Speaker, that the purpose of the question period is to obtain information. I have no knowledge whatever about his present question. It has not been drawn to my attention that any official of my department said that the file had been mislaid. If he will be good enough to tell me about it, I shall look into the matter.

EXPORT CREDITS INSURANCE ACT

AMENDMENT TO INCREASE AUTHORIZED CAPITAL STOCK, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the third reading of Bill No. 295, to amend the Export Credits Insurance Act.

Motion agreed to and bill read the third time and passed.

BANK OF CANADA ACT

AMENDMENTS RESPECTING MANAGEMENT, EXCHANGE, TO PERMIT SHORT TERM LOANS ON INSURED MORTGAGES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 297, to amend the Bank of Canada Act.

He said: Mr. Speaker, as I mentioned on the first reading of this bill, many of the proposed amendments to the Bank of Canada Act deal with rather minor matters and to a considerable extent involve a tidying up of the act. Since it is the intention that this bill be sent to the banking and commerce committee as soon as it has received second reading, it does not seem to me necessary or desirable that I should go into these matters of detail in the house at this stage. However, with respect to the more important amendments which are being proposed, members might find it of some help if I gave a brief review of the considerations underlying the changes involved.

Perhaps I might start by reviewing the present and proposed provisions regarding the chartered banks' cash reserves. At the present time the chartered banks are required to maintain at all times a cash reserve equal to at least 5 per cent of their Canadian dollar deposit liabilities. This requirement was established in 1934 following a period in which the cash reserves of individual banks had on occasion fallen to rather low levels. I might say that now, with a central bank in operation, it is inconceivable that a situation would arise where there would be a shortage of cash reserves such as existed in the early 1930's.

Minimum cash reserve requirements are important not only because they ensure that banks will maintain an adequate liquid position but also because of their relationship to the cash reserve policy of the central bank. The most important function of the Bank of Canada is to influence the volume of money and credit, and the normal way in which this influence is brought to bear is through changes in the cash reserves of the banks. An increase in cash reserves tends to encourage banks to expand their assets; a decrease tends to discourage expansion. However, the effectiveness of the cash reserve policy depends to a considerable extent on the firmness of the relationship between the banks' cash reserves and deposit liabilities. If the banks allow the relationship to vary much, there may be no response, or only a very slow response, to a change in cash reserves. The minimum cash reserve requirement is important in this connection since it establishes a level at which banks must respond to decreases in their cash reserves.

Experience has shown that the 5 per cent minimum is too far below the ratio which each bank normally regards as its target—in the neighbourhood of 10 per cent—to prevent the banks in certain circumstances from allowing, even though reluctantly, their average cash ratio to fall well below the target level. In an inflationary period, when demands for bank loans are at a peak, and when it is appropriate for the central bank to attempt to restrain the expansion of money and credit, banks are sometimes willing to allow their average cash ratios to fall below the normal target level and the size of the central bank's task becomes very much greater. In such a situation the present methods of central bank action available to the Bank of Canada may not always be sufficient to cope with the problem of restraining credit expansion in an effective

and orderly way. This is also true of situations where other special factors, such as the inflow of foreign funds, may create a temporary but substantial excess of cash reserves.

To overcome these difficulties it is proposed that the minimum cash reserve requirement, based on the daily average for each calendar month, be 8 per cent of deposit liabilities and that the Bank of Canada be given power to vary this minimum requirement between 8 and 12 per cent, provided that the chartered banks are given a minimum period of one month's notice before each increase becomes effective and that any one increase is not more than 1 per cent. When this legislation comes into force, the initial minimum requirement will of course be 8 per cent. Having in mind that the 8 per cent minimum will be calculated on a daily average basis, I do not feel that the practical result will involve a more onerous requirement than the present arrangement.

The addition of the power to vary reserve requirements to the techniques now available to the Bank of Canada in implementing monetary policy will bring them into line with those of central banks in other countries. However, it is not the intention or expectation that this power is one which will be frequently used. Much more likely it will be limited to special and temporary situations where the present methods of restraining monetary expansion need to be supplemented. Incidentally, it is believed that an announcement by the central bank of an increase in reserve requirements would have helpful psychological effects. It would be a specific indication to the chartered banks' customers that restraint in the use of credit was necessary, and that the banks' capacity to increase loans was being restricted.

Until now, the requirement that banks observe a minimum cash reserve requirement has appeared in both the Bank of Canada Act and the Bank Act. It is now proposed that only the provisions regarding the power to vary the requirement should be included in the Bank of Canada Act. All other provisions relating to cash reserve requirements, including the detailed provisions with respect to the basis on which the requirement is to be observed and the statistical information and declarations which are to be maintained, will be made part of the Bank Act and will be available for discussion when the amending legislation is introduced.

In addition to the amendment regarding cash reserve requirements, there are three other important proposed revisions which I might mention briefly. In view of the proposed provision in the National Housing Act allowing banks to make insured mortgage loans, it is proposed that the Bank of Canada should have the power to make short-term loans to banks on the pledge or hypothecation of mortgages held by them.

At the present time there are certain limitations on the amount of securities, issued or guaranteed by the government of Canada or any province, which the Bank of Canada is allowed to hold. Holdings of such securities which do not mature within two years are limited to 50 per cent of the bank's outstanding note issue and deposit liabilities, and holdings of securities which do not mature within ten years are limited to an amount equal to five times the paid-up capital and rest fund of the bank. It is felt that these arbitrary limitations are no longer necessary or desirable and it is proposed to remove them. At the same time it is proposed that greater detail of the bank's securities holdings be given in the weekly and monthly returns to the Minister of Finance which are published in the *Canada Gazette*.

The rest fund of the bank is now just over $10 million, having been provided out of profits in accordance with the original act. Owing to the substantial growth of the total assets of the bank, it is thought that additional capital funds should be provided by increasing the rest fund to $25 million. This would be accomplished by appropriating one-fifth of the annual profits to the rest fund each year until the desired level is reached.

As I indicated at the outset of my statement, Mr. Speaker, I propose, at the conclusion of the debate on second reading, to move that the bill be referred to the banking and commerce committee, and the governor of the Bank of Canada will be available to explain the technical aspects of the amendments which are being made to the act.

Mr. J. M. Macdonnell (Greenwood): As the minister has indicated, this measure will go to the banking and commerce committee, so it is neither desirable nor possible at the moment to talk about the details. It seems to me that the measure is of great importance in extending the powers of the Bank of Canada, and it seems to me also it is worthwhile to dwell just for a few moments on the vast powers which the Bank of Canada has, and has had over the last 20 years. We have come to take them so much for granted that we do not often think about them. I propose to spend a very short time in directing attention to them.

As the minister has indicated, apart from details of personnel of directors and their remuneration, the three things that this measure really does are, first, to introduce a new power with regard to mortgages and real estate; secondly, to extend to some extent the general investment powers of the bank, though that is not very far-reaching; and thirdly, to deal with the question of chartered banks' reserves and their relationship to the Bank of Canada.

I said a moment ago I though it was worthwhile to draw attention to the really vast powers over our day to day lives that have been vested in the Bank of Canada. I think these powers could best be indicated by reading the preamble to the act, but even before that I should read a short extract from the Macmillan report outlining what that commission considered to be the duties of a central bank.

I hope you are not getting uneasy, Mr. Speaker, because it does seem to me—I assure you I shall be brief—that when we are extending substantially the powers of this institution, as we are, it is relevant to spend a very few moments in reminding ourselves, as we very seldom do, of the very great powers that institution has. I submit that with deference, Mr. Speaker, and also with a good deal of earnestness. The Macmillan report says briefly at page 63:

> . . . the central bank . . . should endeavour to regulate credit and currency in the best interests of the economic life of the nation and should so far as possible control and defend the external value of the national monetary unit. In the second place, from the international point of view, the central bank by wise and timely co-operation with similar institutions in other countries, should seek, so far as may lie within the scope of monetary action, to mitigate by its influence fluctuations in the general level of economic activity.

I now wish to read the preamble to the Bank of Canada Act, because it really echoes some of the words of the Macmillan report. The preamble is short and says:

> Whereas it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare . . . etc.

I just wish, Mr. Speaker, to say a further word about the extreme range of those powers—to regulate credit and currency, to control and protect the external value of the monetary unit. It is no exaggeration to say that the action of the Bank of Canada affects every one of us in our lives because, to go no farther, here you have a power placed in the hands of a few men who are in close conjunction with the government. These few men have the power of controlling the spendable money in circulation in Canada. I need not point out what that means to all of us. It means that the central bank, by its actions, can stimulate or slow down the economic activity of the country. It can have a great influence on prices, and I need not explain why. The argument is perfectly obvious.

Then the central bank has great power over the chartered banks. We have discussed that in the house before. It is no exaggeration to say that the chartered banks really need nothing but a request from the central bank in order to comply with that request.

At any rate, I think that is a fair summary of what has happened in the last 20 years, and particularly the last 15 years, during which time the central bank has played a very important part in our lives. I am referring of course to the 15 years since the outbreak of war.

That would lead one to ask this question: is there any restriction of any kind on the powers of the central bank, or is it left to the judgment of a group of men to exercise this important function?

Mr. Speaker: I am sorry to interrupt the hon. member, but since he has indicated to me that he is dealing with the powers under which the Bank of Canada operates, I have listened carefully to him and, unless he wishes to go back to the principle of the amending bill, I think I must warn him that we are not discussing the Bank of Canada Act at the moment. We are, rather, discussing a bill to amend the Bank of Canada Act, which is a quite different proposition.

The hon. member may say, of course, "My line of argument, as you will see, Mr. Speaker, will bring me back to the amending bill." But my problem is that the hon. member is entitled in this instance to speak as long as he wishes in the debate on second reading; and if he is going to speak for, let us say, 35 minutes, about the general powers of the Bank of Canada, and then tie that up with the amending bill for perhaps five minutes, it would defeat the purpose asserted in the rules.

I know the hon. member will co-operate. I must say I have looked closely at the marginal notes in the bill, and I do not see how the powers of the Bank of Canada generally, put as he says in the hands of a group of men, can be considered to be relevant to the principle of the amending bill. With

one exception, I do not think these clauses in the bill affect the powers of the Bank of Canada Act at all.

Mr. Macdonnell: I defer to Your Honour's ruling, of course; perhaps unintentionally I may have wandered. However, I think Your Honour will agree that the point I am now going to make is entirely relevant, because it has to do with the question of whether there should be any restriction of power in any way. And I suggest to Your Honour that the real principle of the measure before us is that it does extend very substantially the powers of the Bank of Canada.

I am now about to refer—this is really my last point, and I can reassure Your Honour as to the question of the time during which I shall speak—to a restriction of the bank's power which, I suggest, is relevant because in the measure the government seeks actually to make the powers still wider.

The point I wish to raise now, one which I am sure Your Honour will find is well within the limits of the rules, is that I now ask the question whether there is at the present time any restriction—and I can answer that there is not, and that the Bank of Canada at the present time really has no restrictions over its powers of creating currency. But I would point out that when the bank was set up there was such a restriction, which has now been done away with. It is the doing away with that restriction to which I wish to refer, and in that connection to quote some of the experts who have expressed opinions in the matter.

I repeat that when we are extending powers, as we are in this measure, surely it is relevant to consider whether the powers are unlimited, whether they were always unlimited, and the reason for the removal of the limitations. We must consider whether there is an argument to be made for the restoration of some limitation.

In this connection I should like to read section 23, formerly section 26, of the Bank of Canada Act which says:

(1) The bank shall always maintain a reserve, as hereinafter provided, as security against its outstanding notes and deposit liabilities.

(2) The reserve required by this section to be maintained shall consist of gold coin and bullion in the unrestricted ownership of the bank equal to an amount not less than 25 per cent of the notes and deposit liabilities aforesaid.

That restriction, I am informed, was removed in 1940, during the war, and all the gold that was in the custody of the bank was then transferred to the management of the foreign exchange control board for the foreign exchange fund. And from that time until 1952 an order in council was passed, year by year, rendering the maintenance of the reserve unnecessary.

Then in 1952 the following section was passed in the Currency, Mint and Exchange Fund Act:

Notwithstanding section 26—

And that is now section 23.

—of the Bank of Canada Act, the Bank of Canada is not, unless the governor in council otherwise prescribes, required to maintain a minimum or fixed reserve ratio of gold or foreign exchange to its liabilities.

In other words, Your Honour, we now have a situation wherein the brake which did exist has been entirely removed.

I should like in that connection to refer to an extract from the Macmillan report, which was the basis of the setting up of the bank. I refer particularly to a statement made by Sir Thomas White who, at one time, occupied the position now occupied by the Minister of Finance (Mr. Abbott). Sir Thomas White has very strong words to say about the maintenance of a 25 per cent gold reserve. It will be noted that Sir Thomas White and Mr. Leman of Montreal, who was at that time the general manager of one of the banks, filed dissenting memoranda. Sir Thomas White said:

I join with my colleague, Mr. Leman, in his strong criticism of granting to the board of the proposed bank the power to carry their cash reserves either in gold or foreign exchange. He has pointed out the grave risk involved in relying to too great an extent upon the stability of such exchange and to the necessity for maintaining a 25 per cent gold reserve in Canada.

I mention that merely to show that that view was held by competent people at that time. And as I have mentioned Sir Thomas White I should like to add that some of the views he held which some people were inclined to regard as old-fashioned eight or nine years ago, have now proved to be not so old-fashioned, at a time when Dominion of Canada bonds are selling on a 3·75 basis.

In the committee on the Currency, Mint and Exchange Fund Act of two years ago we had a very interesting sitting attended by the late Dr. Clark, then deputy minister. I should like to read briefly from one or two of the answers he gave, because I think they are relevant. Dr. Clark answered a question I had asked him—and which purposely I had put in a rather extreme form—in this way:

Perhaps I should ask you now whether you accept fully the view that after all we have a managed currency and there is no check of any kind on it except the judgment of a group of men of whose judgment we think highly and if that is a fair statement of your attitude does that mean that you feel that we should entirely dismiss from our minds the idea of reserve, that we have outgrown them?

To that he answered, "no, no." Mr. Dumas also asked Dr. Clark:

Would you say that it would be in the interest of the country, if in our reserve we had more gold than we have, if we had gold instead of U.S. dollars.

To that Dr. Clark answered:

I do not think it makes very much difference. There are reasons for which you want gold and there are reasons for which you want U.S. dollars. We keep a certain amount in both . . . the amount we are holding in gold has been increasing recently.

I want now to apologize here for quoting briefly from my own remarks when speaking two years ago in the committee of the whole in the debate on the Currency, Mint and Exchange Fund Act. I was pleased to find this because I am glad to know that I am not talking differently today from the way I talked two years ago. That is always a satisfaction to anyone in our way of life. I should like to quote from page 3786 of *Hansard* of June 26, 1952, where I am reported as follows:

In the discussion in the banking and commerce committee yesterday this point of a fixed reserve was raised, and I should like to put this discussion briefly on the record.

Let me say here, lest I forget, that I am not suggesting that Dr. Clark had committed himself to the 25 per cent gold reserve. I am suggesting merely that he did not sweep out the idea of a reserve as something which sensible men could not talk about.

There is of course the view which has been expressed in this house this afternoon that money should be entirely a managed thing, that there should be no attempt to impose a check of any kind.

I want to interject here to say that it will be remembered that in 1947 there were strong differences of opinion among us as to the parity at which the Canadian dollar had been fixed and there was a great loss at that time of gold and American exchange. I think anyone, whether he agrees or not with the desirability of having a gold reserve, will agree that if there had been a provision for a gold reserve we would at that time have had to stop, look and listen earlier, and to some of us that would have been an advantage.

That was discussed in the committee yesterday, and I think it would be fair to say the view of the experts was that while at the present time they felt that it was wise to leave in abeyance clause 26—

Now clause 23.

—of the Bank of Canada Act—in other words they did not think it was wise to reimpose the requirement of 25 per cent gold backing of the currency—nevertheless they did not go the length of saying that a reserve check of some kind was an outmoded superstition.

And then later on I said:

I am not going to pursue this at length, but I do want to have it on the record that I think the question of a reserve of some kind, a check on the purely managed currency, should not be regarded as an outworn superstition. I think it should be seriously considered. I am not going to ask the committee to spend time considering it this afternoon. I am anxious just to put it on the record.

Incidentally, when we come to the committee I hope that that will be considered seriously. We are in danger I think of having almost too much satisfaction in our supreme wisdom and forgetting that there are events beyond our control. We have in fact been going through 15 years of boom and that does not always give one all the answers.

I want to thank you, sir, for your kindness in allowing me to put forward these views and I on my part intend to co-operate with you by carrying out what I said about not speaking at length. I do hope that when we get to committee this matter will be taken seriously. I think we should remember that, as I said at the outset, we have under this act put in the power of a few men almost unbelievable control over the lives of the rest of us.

As I have said, for 15 years we have been in a boom and we are inclined to think that that was due to our supreme wisdom. It has been due very largely to events over which we have no control. Therefore I hope that when we come to the committee we shall be ready with open minds to consider the situation and I hope that the chairman of the committee will be as indulgent as you have been and permit a discussion again of metallic reserves.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, this bill, as has already been said by the minister and the hon. member for Greenwood (Mr. Macdonnell), will go to the banking and commerce committee. I am sure that we all hope that in the banking and commerce committee there will be a very thorough review of the Bank of Canada Act and that the proposals contained in this bill will be thoroughly considered and discussed.

I may say that in a general way we are in support of this bill. There are details which our members on the committee will inquire into, question and perhaps make some further proposals. I think time has vindicated the establishment of the Bank of Canada.

Perhaps it may not be out of place if I paid a tribute to the people who pioneered the idea very largely in this house, and indeed across the country. An examination of *Hansard* in the period from 1921 to 1935 will, I think, indicate very clearly who they were. Mainly they were the members of a very able group of farmers and labour men who occupied the southeast corner of this chamber. It was a strange turn of events

in 1935 that saw most of them eliminated from this house. I think the educational work which they did was used and that the monetary proposals they made were brought to an illogical conclusion, mainly in the province of Alberta in 1934 and 1935.

This bank was established first by the government of the late Viscount Bennett, partly as a publicly-owned and partly as a privately-owned institution. In 1936 it was thought proper that it should be brought under public control and made entirely a publicly-owned institution. As this bill very clearly indicates, the bank was established to serve a number of purposes. As has been pointed out by the hon. member for Greenwood, its primary function then was and still is "to control or regulate the volume of credit and money in circulation".

Prior to that time the legislation pertaining to the issue of notes, paper currency, money and so on, was unsatisfactory. Then again central banks were being created throughout the commonwealth. We therefore created this institution. We are now called upon to consider and amend the act under which it was created. In the years before there was very little control over bank policies by the parliament of Canada or by any institution reporting to the parliament of Canada.

The chartered banks had the privilege of extending credit and issuing their own bank notes. The only control was within the institutions themselves, within the chartered banks. Mainly they thought in terms of the safety of their depositors' money. I readily recognize that, although there was the added incentive of protecting their own institutions and of profit to their shareholders.

The factors which brought about this act, factors which are still with us and therefore would come under a discussion of the amendments, are dangers inherent in any banking system. The general public became anxious about the safety of their deposits. This was brought home to them at the time of the failure of the Home Bank and the difficulties into which the Merchants Bank got in the 1920's. Then of course there was the financially dangerous situation which developed in the early thirties when the government of that day found it necessary, in order to prevent panic, to allow the banks to publish balance sheets showing their securities at the figures of a few years earlier, when the assets were greatly inflated.

I say this because when this bill comes before the banking and commerce committee and amendments are considered I think these facts should be borne in mind. Another factor, of course, which promoted the original bill was the fact that under a competitive commercial banking system there should be a central bank to control currency and credit. That was evident in the twenties and thirties when credit was extended in boom times, and called in when depression came. I think a cursory reading of the report of the royal commission on banking and currency in Canada, in 1933, will confirm that this was so.

The purpose of this bill, I take it, is to do what we have actually been doing over the last 20 years or more, namely to define more clearly the powers and function of this institution in the light of experience. No one seeks to change that complete monopoly over the issue of all forms of currency, but under the Bank Act of 1934 it was contemplated that the banks would continue to issue some currency. However, in 1944 it was decided that that privilege would cease immediately, and in 1950 any outstanding notes issued by the chartered banks were taken over by the Bank of Canada and the banks paid the Bank of Canada the value of those remaining in circulation at that time.

As the hon. member for Greenwood (Mr. Macdonnell) said, these amendments do not interfere in any respect with the monopoly given to the Bank of Canada in these matters, nor does it in any way interfere with their responsibilities in carrying out their functions in accordance with the act. Consequently, the issue of credit and particularly currency today is, of course, not only the responsibility of the Bank of Canada but, indeed, the responsibility of this parliament, whose instrument the Bank of Canada is.

The minister is now suggesting that the legal reserves which must be carried with the Bank of Canada by the chartered banks shall be increased from 5 to 8 per cent, and under certain circumstances up to 12 per cent. I believe that was the figure the minister gave. That is an increased safety factor.

As a matter of fact, I believe the banks themselves in the last few years have not maintained a reserve of 5 per cent, but have maintained reserves considerably in excess of that figure extending at times to the higher figure which the minister mentioned in the course of his remarks. Hence, from now on, the banks will have rather less discretion than they had before as to the ratio of cash reserves to their liabilities to their depositors. I believe this will be satisfactory to the people of Canada who will feel that this is a more adequate protection or will be when these amendments are written into the Bank of Canada Act.

Of course, this ratio which the minister proposes is an important factor in the regulation or control of the credit the banks may issue to the public. Our central bank through its operations can expand or contract the country's credit simply by increasing or decreasing the reserves of the chartered banks, and to my mind, though this may not be the most important, it is a most important function of the Bank of Canada.

I believe that was demonstrated in the early years of the depression in another country, and I remember when this act was under discussion trying to bring to the attention of the house the operations carried on in Sweden, where they used the open market and where, when they needed to put money into circulation, they bought government securities. When they wanted to take money out of circulation they sold government securities with the result that in the early 1930's, when we had financial and grave economic difficulties, Sweden was in a fairly happy position. They were able to bring about a certain amount of stability in their economic relations and in their financial system through open market operations. Now the Bank of Canada can reduce the cash reserves of the banks by selling some of its large holdings of government securities. Conversely it can buy securities and thus increase the amount of credit available for loans.

I believe that, because of the provision in the bill for an increase of legal cash reserves, we are protected to an extent that we were not protected in the early years of the 1930's or in any other period of boom which came before the depression of the 1930's. When the central bank has paid for securities by means of a cheque drawn on the chartered bank concerned, and when this cheque is presented for payment at the chartered bank, it results in the reduction of its reserve deposits with the Bank of Canada and therefore limits the amount of credit it may grant. Conversely, if they wish to adopt the other course they can expand credit to an extent.

The late Dr. Clark, whom the hon. member for Greenwood quoted a few moments ago, gave another very interesting slant to the Bank of Canada Act which I would like to draw to the attention of the house, because these amendments emphasize Dr. Clark's opinions. Speaking before the banking and commerce committee of 1944 when the last decennial review of the chartered banks' charters and the Bank of Canada Act were under discussion, Dr. Clark said:

> The Bank of Canada is the channel through which the monetary policy of the government is put into effect.

In other words, Dr. Clark believed that in reviewing the charters and the Bank of Canada Act we were not only reviewing the policies of the banks and of the central bank but were also reviewing the financial policy of the government, because it is the financial policy of the government which is carried out by the central bank.

It seems then that this institution is not by itself responsible for the policies which it puts into effect, for it puts into effect the policies approved by the government. Consequently, the government must take responsibility for the success or failure of policies which are put into effect through the central bank.

May I also add that I hope the committee will make a pretty thorough review of what these policies have been in recent years. I believe that that can be done, because the bill contains wide powers and considerable latitude. For example, the bank may buy and sell bullion from the United States. It may also buy and sell:

> . . . short term securities issued by the United Kingdom . . . having a maturity not exceeding six months from the date of acquisition by the bank;

There is an indication of government policy, a policy which lays it down that certain securities of the United States may be bought without limitation as to the period, but that the United Kingdom securities may be bought provided that they have a maturity not exceeding six months from the date of acquisition by the bank. I think that that is a matter into which the committee should inquire very carefully, namely, as to why this provision is in the bill. It has puzzled me and I have no doubt that the committee will try to elucidate it.

I think that we should also inquire into the effect of the government's policies regarding currency and credit upon the economy and the people of Canada over the last number of years. In looking over the reports of the Bank of Canada I have been struck with the fact that the money supply in Canada has largely outrun or gone beyond the gross national production. Why was that the policy of the government since the war? Was it that another policy might have interfered with the value of government securities in Canada such as bonds and so on? I do not know. However, I think that matter should be looked into very carefully.

I think also that when the committee considers these amendments, they might consider how the efficiency of the control of currency and credit can be improved. Of course, at the moment, you have the central

bank and you have the chartered banks and at times there is to some extent a conflict of interest between them. The chartered banks are profit-making institutions naturally and their interests do not always lie along the same road as that of the policy which the Bank of Canada is carrying out. It seems to me that when you have an increase in the money supply at a time when the production of goods is not keeping pace with that increase, you are bound to have inflation. I would ask the committee to go into the situation with a view to seeing what effect the policies of the bank and the banking institutions have had in the last seven or eight years on inflation in Canada.

I do not want to go beyond the scope of this bill. I had perhaps intended to do so but when Mr. Speaker suggested to my friend the hon. member for Greenwood that he should not do so and my hon. friend agreed, I felt that I would try to do the same thing. However, I should like to point this out. In 1945 the gross national production in dollars of constant value—and I am using as a dollar of constant value the dollar in its purchasing power between 1935 and 1939—was $9,315 million; in 1950 it was $10,330 million, again using what I have termed "dollars of constant value". In 1945, our total money supply was $5,905 million. In 1950 it had risen to $8,712 million. That is a rise of approximately $1,000 million in gross national production compared with a rise of approximately $2,800 million in the money supply. By "money supply" I mean the public's deposits with the banks, ignoring Canada savings bonds, short-term government securities or other savings of the public that are found in other financial institutions.

As I say, such figures raise in my mind at least an immediate question. Is the central bank of Canada, with its present powers under this act, and with the amendments that we are proposing to make in this bill, able to control the supply of money to the extent necessary to combat inflation or—what is equally important—to prevent deflation? We may be entering upon a time when deflation may be as significant to us as inflation has been over the last few years.

Of course we believe that other powers are required than those which are contained in the act or in the proposed amendments to the act. As is generally known, we favour the public ownership and control of the commercial banks because we believe that eventually that course will be necessary. We also point out the desirability of controlling the flow of investments, a matter which I will not discuss this afternoon. We think that a national investment board to direct investments into socially desirable channels is a step which should be taken. We set up an industrial development bank. I do not know just how successful it has been and I am not going to discuss that matter now. But we believe that there exists a gap which should be filled. May I say to my friend the Minister of Finance (Mr. Abbott) that it is not a new idea to him because it was in the Liberal election platform during more than one election campaign some years ago.

Mr. Macdonnell: Along with reform of the Senate.

Mr. Coldwell: I have forgotten whether it was in 1919 or in 1925 or 1926; it was some years ago. I do not think it was ever removed, as a matter of fact.

Mr. Knowles: It was just put on the shelf.

Mr. Coldwell: What I am getting at is this. I do not think that the government has used all the powers given in the Bank of Canada Act. Perhaps in seeking the new powers it has in mind doing something more. However, it has not used the powers it has to control credit to the extent which under the act—I mean under the main act—would have helped to prevent the post-war inflation that we have suffered. Indeed, it was not until 1951 that the governor of the Bank of Canada met the managements of the chartered banks, and came to an agreement with them that certain changes would be made, and that action was taken after the inflationary damage had very largely been done.

If I may, I should like to quote from a document in support of what I have just said, namely an article entitled "Recent Developments in Canadian Monetary Policy" published in the *American Economic Review* last May, at page 55. The author is Mabel F. Timlin of the University of Saskatchewan. The quotation is as follows:

> In only one year shown in the annual reports of the bank (namely 1947) did the record show a decline in chartered bank reserves and the governor has explained (annual report of the Bank of Canada, 1947, pages 23 to 24) that the correlative decline in security holdings of the central bank was a consequence of government redemptions at a time when the bank was otherwise an active purchaser of short and medium-term bonds. The total series of reports (i.e. annual reports covering the bank's entire history) shows a reserve expansion of nearly $670 million and the astonishing thing is that 31 per cent, or $208 million of this expansion, took place since 1945; that is, after the extraordinary expansions of the war. Perhaps still more surprising is the fact that two-thirds of the post-war expansion took place in the years 1950 and 1951 when the bank was supposed to be following a "definitely restrictive approach to the whole question of credit restriction".

That quotation, of course, ties in with what I have just said about the amendments to

the bill. Since this article was written—and it was written in May, 1953—the annual report of the Bank of Canada indicates a decrease in chartered bank reserves of $11·4 million in 1953. Thus only in two years since the war, namely in 1947 and 1953, have chartered bank reserves decreased; in other words their ability to issue credit and to make loans declined only in those two years.

In all the other years since the war the reserves of the chartered banks showed an increase and hence, in our opinion, inflation was promoted. Consequently the suggestions made in the bill with regard to bank reserves are very important. An examination of the production and monetary situation since the end of the war leads me to say that I think the government itself can be blamed for failure to promote a better balance between fiscal and monetary policies and production to combat inflation. This taken in conjunction with the removal of wartime controls explains the manner in which the costs of living have increased and gives valid reasons why both farmers and workers have been asking for better returns for their produce and their labour.

The main point I wish to make is that either because of insufficient control of the chartered banks, which we believe can only be effectively undertaken by public ownership of these institutions, or by failure of the government to use the central bank as effectively as it might have done, inflation got out of hand. I say that the committee should inquire into this matter, and I think the government and not the bank must assume responsibility for it.

I should like to summarize what I have in mind by a quotation from the monthly report of the Bank of Nova Scotia for the month of March, 1952. It reads as follows:

> Judging by the experience of the past quarter century, there is no doubt that changes in the money supply are much more important than changes in the rate at which money is used. It is, therefore, clear that effective control of the money supply is of great importance in maintaining orderly economic conditions, and in combating inflation. From the standpoint of inflation, what matters is not so much the actual increase in the supply of currency and bank deposits but whether the supply of money is increasing more rapidly than the quantity of national production.

It seems to us that has been the case in the years between 1945 and 1953. Therefore we say, because the powers in the act which are now to be extended have not been used to the extent that they should have been, that Canadians have suffered from preventable inflation since the end of the war. I will not develop the thought I have in mind because, in view of what the Speaker said, it might be considered to be outside the scope of the bill at the present time. But I would hope that some consideration will be given to the setting up of a national investment board. I believe there is a gap there. With the large funds accumulated by various financial institutions in the country, I believe that the time has come when we should endeavour, through an institution answerable to parliament, to direct the flow of such funds into fields that are socially desirable, into the development of our resources, into housing, into great projects like the South Saskatchewan river dam, the St. Lawrence seaway and so on which we need for the expansion of Canadian resources.

Therefore I hope that when the committee meets it will review the operations of the Bank of Canada very thoroughly and go into many other phases of the problem upon which I have not touched because I do not want to go outside the principle of the bill. I sincerely trust that a very thorough inquiry will be made and that we may get a report from the committee recommending further improvements in this very useful and, indeed, most essential of our Canadian financial institutions.

Mr. Victor Quelch (Acadia): Mr. Speaker, at the outset of my remarks let me say that we consider the major proposals contained in the bill a definite step in the right direction. I refer to the amendments dealing with cash reserve requirements, and I am going to confine my remarks mainly to that matter. But on the other hand we feel that they are too restricted in degree to permit the government to institute what we consider to be a sound financial policy. By that I mean a policy that will encourage optimum development of our resources and permit the equitable distribution of the goods and services resulting from that development. I think most members would agree that during any long period of peace that has not been the case.

I want to say a few words with regard to the division of responsibility between the chartered banks, the Bank of Canada and the government with relation to the question of cash reserves. First of all, may I say that we in the Social Credit group are not critical of the chartered banks. I know that impression has got abroad, but we consider the chartered banks to be a highly efficient organization. On the other hand, we believe that they could give even greater service under a sound financial policy that would help to level out the booms and depressions from which we have suffered in the past. The chartered banks, in considering the question of whether or not they should expand their loans, have, I think, to consider three main points. First of all, they must

consider the creditworthiness of the borrower. I would say that is the main consideration. Then they must consider the effect that that expansion will have upon their cash reserves. The third point is the relationship between the amount of loans they make and the securities that they may hold—in other words, their position of liquidity.

I would say that it is not the responsibility of the chartered banks to decide whether or not the action of making additional loans will be an inflationary one. The question as to whether an over-all expansion of credit would be unduly inflationary is a matter for the Bank of Canada to decide in conjunction and in consultation with the government of the day. Then the Bank of Canada controls the expansion and contraction of credit by either expanding or contracting the cash reserves of the chartered banks. We are of the opinion that the amendments proposed in the bill will provide greater efficiency in controlling the cash reserves of the chartered banks. However, the actual responsibility for financial policy must rest with the government and not with the Bank of Canada.

I would certainly take issue with the hon. member for Greenwood (Mr. Macdonnell) on that point. I know that many people in this country will blame the Bank of Canada for financial policy instead of the government. I think that has perhaps arisen from the statement made some years ago by the then deputy governor of the Bank of Canada, Mr. Osborne. It will be recalled that some years ago Mr. Osborne stated that no self-respecting central bank would accept from the government a policy with which it did not agree. That matter was brought up in the House of Commons and the minister of finance of that day, Mr. Charles Dunning, pointed out that the statement did not really mean what it appeared to say. He said that all it meant was that if the policy of the government was one with which the Bank of Canada did not agree then the governor of the bank and his officials would resign, but the policy of the government would prevail.

While it is true that the government's financial policy has provided the money required to maintain a maximum war effort and has also operated quite satisfactorily in periods activated by the fear of war or in periods after war when the costs of war are still being met in the form of rehabilitation, reconversion and many other things, such is not the case during any prolonged period of peace.

[Mr. Quelch.]

Now, the Bank of Canada was set up in 1934 as a privately-owned institution. Then, when the Liberals came into power it was turned into a publicly-owned bank. I believe we were all pleased, at least in this party, when that change was made. The interesting point to note is that, in spite of the fact that the central bank was set up in 1934 and continued in operation from then on, we continued in a depression up until 1939. From 1936 to 1939 we repeatedly urged that the government borrow from the Bank of Canada in order to finance the various national projects, housing projects and others, not merely for the purpose of providing employment but for the purpose of providing the services that the people desired and that we were capable of providing.

It is interesting to note the objection that was taken at that time to that proposal. It was argued that borrowing from the Bank of Canada would be more inflationary than borrowing from the chartered banks, the argument being that when money was paid out by the Bank of Canada it would increase the cash reserves of the chartered banks which would enable them to expand their loans on the ratio of 10 to 1 for the increased cash reserves. We suggested that argument could be overcome by the adoption of what was known as the 100 per cent cash reserve system. Under it we would have amended the Bank Act to compel the chartered banks to maintain a 100 per cent cash reserve behind their demand deposit liabilities. In order to secure the necessary cash they would have been able either to sell securities to the Bank of Canada or to borrow against them.

The argument against that, as presented by the Minister of Finance and the governor of the Bank of Canada, was that it would be too hard upon the chartered banks because they would lose the revenue from the securities that were turned over. As was pointed out by Babson back in 1936, that would not be necessary. All that would be necessary would be for the Bank of Canada to make a loan at a nominal rate of interest against the securities turned over by the chartered banks, and in that way the 100 per cent cash reserve would be maintained without any loss of revenue on the part of the chartered bank by the securing of that cash against their securities.

We pointed out at that time that that was one means. We were never dogmatic on the subject. We pointed out there were many other ways the chartered banks could be prevented from expanding their loans as a result of utilizing the services of the Bank of

Canada. The simplest proposal that we made was merely that, when money was issued through the Bank of Canada, the chartered banks would be required to increase their cash reserves in order to take care of the amount of money that had been issued, thereby denying them the right to expand their loans on the basis of the increased cash reserve. It is for that reason we welcome this measure because it provides for action of that kind, so that in the future we can make the cash reserve requirement variable as the situation warrants.

It will be recalled that upon the outbreak of war in 1939 the government borrowed from the chartered banks about $200 million within three months, I think it was, and expanded the savings of the people. Then, we borrowed the savings of the people by floating bond issues. Then, we borrowed again from the chartered banks in order to expand the amount of money in circulation and still further expand the savings of the people. Then, we borrowed the savings of the people. We carried out that process during the war. The net result of those transactions was a very heavy increase in the debt of the country. I note that, according to the Canada Year Book for 1948-49 and 1952-53, the gross debt in 1939 was $3,700 million and increased to $18,900 million in 1946; then dropped to $17,250 million in 1952.

Perhaps it would be fairer to take the net debt, so I will give the net debt for the same years. In 1939 it was $3,152 million; in 1946, $13,421 million; and in 1952 dropped down to $11,185 million. The interest charges on the net debt were $114,800,000 in 1939; $338 million in 1946 and down to $314 million in 1952. Unfortunately, today interest rates are going up so the interest charge on that net debt will also be going up correspondingly. While it is true that the government did finance the war in a way that provided whatever money was needed to maintain the maximum war effort, it cannot be argued for one minute that we maintained a pay as you go policy. It will be recalled that at the start of this war it was the intention of the government to maintain a pay as you go policy to the greatest degree possible.

On several occasions during the war we urged that, to the extent that heavy taxation and heavy borrowing from the savings of the people failed to meet government expenditures and it became necessary to have expansion of credit, that expansion of credit should take place through the Bank of Canada instead of the chartered banks. Then again we argued that in order to prevent that having an inflationary effect as a result of action by the chartered banks, we should increase the cash reserve requirements of the chartered banks to the amount necessary to make it impossible for them to use this increased cash as a basis for the expansion of loans.

After the war the Canadian economy remained in what you might call high gear, mainly as a result of reconversion of plant and equipment and the large loans that were made to foreign nations as well as the fact that people were spending the savings that had been developed during the war as a result of the compulsory savings feature of government policy. But by 1950 the situation had become tight again. Then, the Korean war blew the government economic policy off the rocks once again, and the situation became fairly liquid. Today we appear to be right back in the situation in which we were in 1950. I notice that the Minister of Trade and Commerce (Mr. Howe) stated that the situation today is similar to the situation that existed in 1950. No doubt many people are now asking whether or not there is another war around the corner that will once again help to revive economic activity within this country. No doubt when the Prime Minister (Mr. St. Laurent) returns from his tour around the world he will be in a position to reassure the members of the house on this point.

It does seem to me that one thing is certain. If it looks as though we are now entering a prolonged period of peace the government will be forced to take action to maintain the development of the resources of this country, to provide employment, to provide markets, and to provide for loans at a low rate of interest for housing the people in the low income brackets. It is quite evident that financial corporations are not going to be able to make that money available. The next question then is, if that is going to be done, how will a program of that type be financed? In 1943 I participated in a broadcast with the governor of the Bank of Canada entitled "The Shape of Things to Come". The subject was post-war finance. During that broadcast I asked Mr. Graham Towers a question—and I quote it now because I think it has a very direct relationship to the situation we are in at the present time. This was my question:

> After the war the need will be to encourage private spending. Heavy taxes and public borrowing will be contrary to the public welfare. Will the government finance all desirable public projects by credit expansion when necessary?

To this Mr. Towers replied:

> In circumstances such as Mr. Quelch describes, I would say that there would be grounds for the government not meeting the entire cost of its program by taxing and drawing on public savings. The desire would be to encourage private spending and make government investment more of a residual item. If part of the necessary money had to come

from credit expansion—and the projects were sound and in the public interest—then I would say go ahead.

Mr. Speaker, I would say that is just about the type of situation we appear to be running into at the present time. Some people look at the reports of the chartered banks, read that there is $5 billion of savings deposits, and jump to the conclusion that there is a large amount of money available for investment. But as was mentioned the other day by the president of the bankers association, that is not money available for investment. It is money that has already been lent, and is represented by loans. And therefore at the present time, if the chartered banks desire to expand loans, steps would have to be taken to increase cash reserves to allow them to make an expansion of credit on the basis of the increased cash reserves.

I say we have that situation today, because we hear a lot about unemployment increasing and we hear a good deal about the accumulation of inventories and surpluses. We read that today in some cases industries are having to reduce their production by 50 per cent. Then, in addition, we read that there is a very heavy program of instalment buying. I read that this amounts to 30 per cent of all sales—and I do not know whether that is a correct figure. However, we do know that there is a very heavy program of buying on the instalment plan, which shows that people who desire to acquire those things available for sale have not the money with which to buy them and, hence, are buying on time.

I think most hon. members will agree that perhaps the most immediate problem which needs to be met is that of providing houses for people in the low income groups. This cannot be provided by money from the various financial institutions, such as life insurance and mortgage companies. It seems to us that the logical body to provide finances for the financing of projects of that kind—housing, irrigation and any other projects—would be the government, through the Bank of Canada. And if there is to be credit expansion, then we certainly believe that that credit expansion should take place through the government's borrowing from the Bank of Canada.

Now, the proposed amendment gives the Bank of Canada the power to alter the minimum cash ratio to be maintained by the chartered banks within the limit of 8 per cent and 12 per cent of deposit liabilities. That is, the minimum cash reserve requirement will be raised from 5 per cent to 8 per cent; and then the amount to be held as cash reserve by the chartered banks will be made variable at the discretion of the Bank of Canada. There will be no change made in cash reserve requirements in excess of one per cent in any one month.

Having in mind that at the present time, in round figures, the deposit liability of the chartered banks is in the neighbourhood of $9 billion, and their cash reserves are in the neighbourhood of $900 million, then we find this situation. The general practice of the chartered banks is to maintain a 10 per cent cash reserve, so even if we raise the cash reserve requirements of the chartered banks to the full 12 per cent, it would only allow the government to borrow approximately $180 million from the Bank of Canada, without expanding the cash reserves of the chartered banks above the 12 per cent level. If they did, then the chartered banks would be able to expand their loans to 10 times the amount of the excess cash over that reserve.

Therefore, Mr. Speaker, we feel that the 12 per cent figure should be raised to at least 16 per cent, as a start. Then, as time goes on, and if it becomes necessary to increase the cash reserve requirements beyond that figure, it could be done, in order to allow greater leeway in borrowing by the government from the Bank of Canada.

Furthermore, we are of the opinion that there is no justification for limiting to one year the period of repayment of loans by the Bank of Canada to the government. We feel that the limit should be removed entirely. However, I realize that perhaps the government has no intention whatsoever of borrowing from the Bank of Canada. It will no doubt say that the amendments being made in connection with cash reserves are not for that purpose. But on the other hand we are faced with a situation where money must be available at a low rate of interest for various projects such as those I have mentioned—housing, irrigation and many other projects which may be considered worth while—in order to provide employment for the large number of unemployed we have in this country and thereby raise their standard of living.

After all, this is the government's responsibility. We have suggested a means by which it might be done, with only slight modification of the amendments proposed in the bill. Our suggestion would provide means of directing money to depressed areas at a low rate of interest through the government making loans to municipalities. It is all very well to have power to expand the cash reserves of the chartered banks in order to provide a high

level of activity, on the general level; but it is high time we had the means by which we could actually direct money into a depressed area. It appears that we do not have the power to do that; we do not have the machinery.

The minister has pointed out that this bill is to be referred to the committee on banking and commerce. Therefore I shall leave anything further I have to say to a time when the bill is before that committee. So far as some of the other amendments are concerned, I do not consider them of very great importance. There is the matter of arranging for the Bank of Canada to take mortgages into their portfolio on short-term loans. But I think it is quite evident that, in so far as the chartered banks are concerned, they are not likely to make much use of that provision; because they hold somewhere near $2,500 million in dominion bonds. Therefore, why should they try to get short-term loans on mortgages when they can obtain satisfactory returns on some of the securities they already hold? And certainly, judging from the remarks we have already heard from the president of the bankers association, they do not consider that provision is going to amount to very much.

In closing, let me say that we are not at any time attempting to be dogmatic in suggesting what should be done. We are merely pointing out that we have a situation in which there are large numbers of unemployed, a situation where there is urgent need for national housing to satisfy the requirements of people in low income groups. The evidence has shown that those people in the low income groups can obtain housing only if the money is loaned at a low rate of interest. We feel the government would be the logical body to do this. After all, this is a question of governmental responsibility; and we will back the government in any measures they may take in order to solve that problem, whether or not such measures are in line with the proposals we advocate.

Mr. Rodney Adamson (York West): Mr. Speaker, I wish to make only two brief observations about the bill. The first is in connection with the bank's right to buy gold in coin or in bullion form, as of course it has the right to buy silver in coin or bullion form or, of course, nickel and copper coins. I want to mention this because should an open bullion market be established in Canada, nothing would preclude the Bank of Canada from entering that market and buying either bullion or coin on the open market, just as at the present time it buys securities of the Dominion of Canada and I presume of other nations. I do not know whether it buys United States securities, but I would imagine that it would at times buy short-term American securities. So if a bullion market were established it would not mean that bullion gold would be hoarded, because of this provision of the Bank of Canada Act.

I want to make one further observation on the question of the definition of foreign exchange. Acceptable foreign exchange to the bank can be boiled down to currency convertible on demand at a fixed price into exportable gold. That is the sole qualification of a convertible currency. Let us assume that even if Russian rubles were freely convertible into gold at a fixed rate they would be acceptable as foreign exchange under the meaning of this act.

I think that shows more clearly than perhaps anything I could say the importance of the restoration by Canada of gold as a medium of exchange, and the facilitation of all measures by which currencies can be brought within this definition of acceptable foreign exchange as soon as possible, that is, convertible at a fixed rate into exportable gold.

I think that shows that gold is the one common denominator which is acceptable as a medium of convertibility. I would, as I shall on another occasion, urge that all possible steps be taken to bring gold out of the national hoards where it is now and use it as a measure to facilitate convertibility of all currencies. Canada in this regard is in a unique position to take the lead.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I have been very interested in this measure and in the remarks of the minister. While in full support of the amendment, I wonder why the provision with regard to the reserves of the chartered banks is put within rather tight limits, and why it is not left to the discretion of the governor and the board of the Bank of Canada. I presume the reason for this measure has been the need for greater control over the purchasing power in the country.

I think this is the time and the suitable place to call the attention of the house to the rather remarkable history of the Bank of Canada during the years since the end of the war. As we all know, we experienced a period of rapid upward spiralling of prices and a spiralling of cost of living which caused considerable embarrassment to various governmental authorities. During that period, for a curious reason which I shall refer to later, the Bank of Canada, far from acting to curb that inflationary spiral, apparently acted in precisely a contrary manner, as is revealed by its own Bank of Canada statistical survey.

We find that in 1945 the gross national product of Canada amounted to $9,315 million and the total money supply to $5,905 million. In 1950, five years later and after we had gone through some of the worst inflationary periods of our history, we find curiously enough that the gross national product was $10,330 million and the total money supply $8,712 million. In the case of the gross national product there was an increase of 11 per cent, while in the case of the money supply there was an increase of over 50 per cent. I presume that must have been the result of open market operations on the part of the Bank of Canada.

The question arises as to why they followed that course during a time when inflation was giving governmental authorities many headaches. The only conclusion I can come to is that it was necessary to maintain the market value of dominion government bonds. Possibly that was a perfectly logical reason for that action on the part of the Bank of Canada, because the government had virtually promised the people during the war years that their investment in government bonds would be readily redeemable at par any time. Moreover, as the government was facing the necessity periodically of refinancing, it was necessary to maintain public confidence in government bonds.

Here was the problem the government faced, working through the Bank of Canada. It was impossible to do the two things at the same time, maintain the market value of dominion government bonds and decrease the cash reserves of the chartered banks and by that means decrease the total money supply of the country. The government chose to maintain the level of government bonds.

I suggest that that points to two things, one of which was mentioned by the leader of this group when he was speaking; that is, the necessity of the government of Canada ultimately controlling the entire banking system of the country. It points also to something else, and I have a particularly personal interest in this. It points to the fact that this all stems from the government's financing policies during the years of the war.

As I say, I have a personal interest in this matter because I recall that on one occasion I was attacked in this chamber by a member of the House of Commons—I was a member of another legislative body at the time—who urged the authorities to have me arrested because I had suggested that the government's method of financing the war was bound to lead to serious inflation and trouble after the war, that the method of financing by over 50 per cent loans was merely piling up trouble for the future. We are meeting that trouble today.

I presume that the government is hoping to cope with this trouble by means of various fiscal and monetary measures about which we have been told on occasion. I would point out that we are now entering a policy of economic contraction—I doubt whether my right hon. friend the Acting Prime Minister (Mr. Howe) would object to that modest expression—and it will not be possible for the government, purely by fiscal means, purely by monetary means, purely by the operations of the Bank of Canada, to combat that contracting tendency in the economy. In order to initiate expansion there will have to be something similar in nature to the projects which were undertaken by the government of Canada during the war, and from which stemmed the credit expansions which at that time had to be pooled or dammed, shall we say, and which at the present time are causing the inflationary troubles which have been in existence for the past few years.

I would commend to the government their own economic and financial history in facing the problems we have to face, including the problem of housing the Canadian people; and I would suggest to them that they will require to use the same sort of powers and mechanisms which they used in order to launch Canada upon its program of production during the war years.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker—

Mr. Deputy Speaker: May I remind hon. members that if the minister speaks now he will conclude the debate.

Mr. Abbott: My principal purpose in rising now is to thank those who have taken part in this debate for the contributions which they have made. I think it has been a very useful and helpful debate. As I indicated at the outset, the bill is to be referred to the banking and commerce committee. I shall be present at that committee, as will my deputy minister and the governor of the Bank of Canada, and the rather technical questions which are involved in this measure in connection with the operations of the Bank of Canada can be discussed there. Questions which have been raised here by hon. members can be more fully elaborated in committee.

I agree with my hon. friend from Greenwood (Mr. Macdonnell) that the Bank of Canada does exercise very considerable powers. It was intended that it should. Its

main responsibility has been to control the volume of credit and currency in Canada. I agree too though, as the hon. member for Acadia (Mr. Quelch) pointed out, that these responsibilities cannot be entirely divorced from government responsibility; and the fiscal policy of the government can, of course, have a very significant effect on the operations of the central bank.

Fortunately in this country there have never been, as far as I know, any differences of opinion between the management of the central bank and the minister of finance of the day. That has not always been true in other countries, and in my opinion the effects of these controversies are sometimes very unfortunate. However, I am sure hon. members will not expect me to discuss in detail or even refer specifically to the particular points which they have raised, all of which I believe we can deal with in the banking and commerce committee.

I would just like to make one reference, though, to the statement made by the hon. member for Nanaimo (Mr. Cameron) to the effect that during the war the government asserted that victory bonds issued at that time would always be—I use his own words because I have a note of them here—"readily redeemable at par at any time".

Mr. Coldwell: That was the inference drawn from Mr. Ilsley's remarks at that time.

Mr. Abbott: It was an entirely unjustified inference. I have had occasion to deal with it before, and the statement Mr. Ilsley made was to the effect that a ready market would be available for government bonds at all times and that they would be redeemable at par on their due date. That has always been true, and that was the meaning of the statement made by the Minister of Finance. It may be, however, that some salesmen in their enthusiasm paraphrased his statement; but anyone who knows anything about these matters would realize that if the government undertook to guarantee that its very long-term securities would be redeemable at any time at par they would be in effect converting long-term securities into demand obligations; and as I have said many times, and I repeat, you cannot have absolute security, absolute liquidity, and a reasonably high interest rate all in the same instrument.

As I said, I simply wanted to clear up what I thought was an unjustifiable inference which may have been drawn from a statement made by the hon. member for Nanaimo. I hope that in the banking and commerce committee we shall have a very useful and profitable discussion on this measure.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

WAR SERVICE GRANTS ACT

AMENDMENTS EXTENDING TIME LIMIT ON RE-ESTABLISHMENT CREDITS, EXTENDING BENEFITS, ETC.

Hon. James Sinclair (for the Minister of Veterans Affairs) moved the second reading of Bill No. 82, to amend the War Service Grants Act.

Mr. Brooks: Is the parliamentary assistant going to give an explanation?

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker, the Minister of Veterans Affairs (Mr. Lapointe) made a full statement in connection with this bill at the resolution stage, and I do not think I can add very much to what the minister said on that occasion.

The War Service Grants Act, as hon. members know, was passed in 1944, and this is a bill to amend that act in certain respects. Under the proposed legislation the time within which a veteran may apply for his re-establishment credit is extended by five years. As of December 31, 1953, there remained unused $35,045,209.23 on behalf of 174,729 world war II veterans. The amount of $3,283,786.50 has been set up on behalf of Korean veterans. As of December 31, 1953, 12,624 applications had been received from Korean veterans, with payments totalling $1,267,875.29.

Another amendment fixes January 1, 1957, as the final date for a veteran to take advantage of the benefits of the Veterans Land Act as the result of an adjustment made pursuant to section 13 of the War Service Grants Act. This bill also broadens the scope of the section dealing with the use of the re-establishment credit of a deceased veteran.

Another amendment will also permit a veteran who has unused re-establishment credit to obtain a contract of insurance under the Veterans Insurance Act, despite the expiration of the time limit under the Veterans Insurance Act.

It is also provided in this bill that December 31, 1954, shall be the last day upon which a member of the forces may apply for the war service gratuity, unless the person has

had overseas service and the minister is satisfied there are circumstances which justify the delay. World war II gratuities amount to a total of $469,788,790. As of June 30, 1953, approximately $500,000 remained to be paid to about 8,500 veterans. The cut-off date for the payment of gratuities after world war I was April 21, 1924, so the time limit after world war II for the payment of these gratuities has been considerably longer. The $500,000 now on hand represents, for the most part, gratuities payable to veterans who had short service and service in Canada only.

After the War Service Grants Act was passed in 1944, the payment of gratuities became a normal part of the discharge routine. Personnel discharged before 1944 had to apply for their gratuities and, as I say, some 8,500 veterans have not yet applied. Since 1951 letters have been sent to all veterans who had not applied for their war service gratuity, and approximately 3,400 applications have been received and the gratuities paid.

It is proposed to examine the files of the 8,500 veterans, and every attempt will be made to advise each veteran of his entitlement. District offices of the Department of Veterans Affairs will be used to try to find the veterans, as also will the facilities of the press. The Canadian Legion, along with other veterans' organizations, will be asked to co-operate.

As the minister has already informed the house it is the intention, if it meets with the approval of the house, to refer this bill to the special committee on veterans affairs.

Mr. A. J. Brooks (Royal): Mr. Speaker, I wish to thank the parliamentary assistant for his explanation, which is very much the same as that given by the minister when the resolution was before the house. We all remember the War Service Grants Act very well. It was one of the most comprehensive acts dealt with by the veterans affairs committee in 1944.

The principle in this present bill, as the parliamentary assistant has stated, is to extend the time during which veterans may apply for their re-establishment credit. It seems strange that there are still some 170,000 veterans who have not yet applied for this credit. The amount involved, I understand, is about $35 million. I agree entirely with the bill. I feel that the extension for another five years is necessary, having regard to the large amount involved and also the strange fact that so many veterans have not applied.

As was pointed out, the bill does not extend the time by five years in all instances. There was a rather anomalous situation, I think, with reference to one section of the bill which I shall not discuss at this time. We shall have ample opportunity to do so when the bill is before the committee.

While the time is extended for the veteran to make application for other purposes—I note that particularly under this section of the Veterans Land Act and also section 13 of the War Service Grants Act—provision was made for a veteran to take advantage of his re-establishment credit either in whole or in part for the construction of a home using the National Housing Act. While an extension until 1960 is granted under other circumstances, it is only extended from 1955 to 1957 as far as this housing section is concerned.

It is not necessary for me to point out to the house that housing is probably one of the most important problems which the veteran has to face. The Legion, in their brief to the cabinet a short time ago, particularly stressed the necessity for veterans housing. When this bill is sent to the committee I hope this section dealing with veterans housing will be given very careful consideration, and that the time will be extended.

The thought occurs to me, Mr. Speaker, that perhaps in the Veterans Land Act some provision is being made for this omission which I have mentioned. In the press a short time ago I noticed a report that the Veterans Land Act is to be amended to provide for veterans constructing their homes in towns and cities on smaller lots than are required under the act at the present time. It occurred to me that if the Veterans Land Act is to be amended, it is quite possible that this omission is being dealt with. As I say, I hope the matter is being dealt with, because an extension of two years to assist the veteran in the construction of a house is certainly not a long enough time. When the matter comes before the committee I know it is something with regard to which an extremely strong protest will be presented.

I do not think there is much else I wish to say, Mr. Speaker. Having regard to the fact that there is still an amount of $500,000 owing in gratuities, I agree with the bill; I think that for those who had overseas service the time for application should be extended five years. It is not so necessary for the veteran who had service only in Canada. I also agree that the re-establishment credit should be made payable to orphan children under certain circumstances as provided in the bill, and also to dependent mothers who are not wholly dependent. With all of these features of the bill I am in perfect accord, Mr. Speaker. As

I say, this bill is going before the veterans affairs committee. At that time we shall have every opportunity to discuss and study it further.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I agree with the hon. member for Royal (Mr. Brooks). There is not much necessity for a debate on this matter at this time. It is hard to understand the fact that so many veterans are leaving their credits and gratuities outstanding. It is something I cannot figure out. Of course, the cut-off date will come some time; and as in the case of several other bonuses that we established, it is when that cut-off date is reached that you have a good deal of trouble. Everybody will realize then that they have applications to make. It might not be a bad idea for hon. members, when they are making their parliamentary broadcast records to send back home, to comment on this matter and urge anyone who has an outstanding account in that regard to get his application in.

There are two points with regard to gratuity credits that I have argued over the years. The first is the fact that gratuity credits are not payable outside of the country. That fact has worked a considerable hardship on veterans, both men and women, who found that it was easier for them to rehabilitate themselves in the United States, particularly, than in Canada, and who moved there. Of course their gratuity credits are not payable outside of Canada. It even appears to be quite difficult to convert the credits into insurance. If you wanted to buy insurance with them, it was difficult to do that. That is a matter that requires looking into.

There is another angle to gratuity credits which works hardship, and that is the fact that if the soldier dies after coming back to this country and his credits are still in the hands of the department, they are not payable to his next of kin. I have wrestled with several cases like that and have never succeeded in getting them straightened out. Of course the act says that the dependent must be wholly dependent upon the deceased soldier for support at the time of his death. The interpretation of the words "wholly dependent" seems to be rather difficult to sort out. However, when the bill is before the veterans affairs committee we shall have the chance to argue out this detail. I hope the committee will be set up as soon as possible so we can get at these things.

While I am at it I should like to say this, Mr. Speaker. I would ask the parliamentary assistant to use all the influence at his disposal to have the War Veterans Allowance Act referred to the committee so that we may give it a working over at this time and finalize it as far as it is possible to do that.

Mr. E. G. Hansell (Macleod): Mr. Speaker, before the minister replies and closes the debate, I wish to say a few words. I do not know that I have a great deal to say on the bill. I understand that it is going to the committee on veterans affairs, a committee which has not yet been set up. Since it is going to the committee I should like to say this, and I want to remain within the rules in saying it. I am not quite satisfied that when the minister spoke the other day he indicated what the committee's terms of reference were going to be. I urge that the terms of reference should give that committee the widest possible scope.

I believe this is the time for those who are interested in war veterans allowances to be heard. I believe that the briefs which have been submitted to the government and to members of the house in the last while by various local Legion groups as well as Legion headquarters should be given the greatest possible consideration, and this whole thing should be revised. We are beginning to get letters from all over the country from elderly war veterans, burnt-out men, war veterans widows and others who are in sad need.

Therefore in these few remarks I do urge the minister and his parliamentary assistant to see to it that the committee to be set up has the widest terms of reference, for if there is one class of people in the country who have ample justification for real consideration it is these men who offered their lives in the past for the country, and their families, who are now forced to eke out a living. I make that suggestion to the minister, and I trust that he will indeed take note of it.

Mr. C. E. Bennett (Parliamentary Assistant to the Minister of Veterans Affairs): Mr. Speaker—

Mr. Deputy Speaker: May I remind hon. members that if the parliamentary assistant speaks now he will close the debate.

Mr. Bennett: I am not sure that I understood exactly what the hon. member for Royal (Mr. Brooks) meant, but I should like to assure him that as far as the availability of the re-establishment credit to veterans for use in purchasing homes under the National Housing Act is concerned, this bill does not change the time limit. It is still 1960. The only change in this regard is that the word "home" is inserted in the new bill in place of the word "house". The word "house" was erroneously put in the revised statutes when

they were printed. The amending section merely substitutes the word "home", thus restoring the original intent.

Mr. Brooks: I do not have reference to that.

Mr. Bennett: If the hon. member just meant qualification under the Veterans Land Act, he is quite right. Under section 13 of the War Service Grants Act the date is January 1, 1957, but that has nothing to do with the National Housing Act.

Mr. Brooks: I think you will find there is a reference there.

Motion agreed to and bill read the second time.

Hon. J. J. McCann (for the Minister of Veterans Affairs) moved:

That the said bill be referred to the special committee on veterans affairs to be appointed by the house at a later date.

Motion agreed to.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Wednesday, February 24, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

On clause 208—*Punishment for infanticide.*

Mr. Knowles: Clause 208 has to do with the punishment for infanticide. I would invite the minister's comment on a question similar to one I have asked in relation to certain other sections. I hope, however, that he will not make the same answer that I have received on previous occasions. I find it difficult to see the virtue of uniformity so far as penalties are concerned. I realize that the minister has indicated that there are two or three classes within which these penalties fall, but even so that is based on the idea of as much uniformity in length of sentence as possible.

I think it is correct to say that the maximum penalty upon conviction for infanticide has been increased from three years to five years. I wonder—although I am willing to listen to argument from the minister—if that is not a rather severe sentence in view of the definition of infanticide that we have already been given. That definition is set out in clause 204, and perhaps I might be permitted to read it. I am not reverting to clause 204, but merely quoting the definition as it has a bearing on this clause. It reads as follows:

A female person commits infanticide when by a wilful act or omission she causes the death of her newly born child, if at the time of the act or omission she is not fully recovered from the effects of giving birth to the child and by reason thereof or of the effect of lactation consequent on the birth of the child her mind is then disturbed.

As I understand the definition, there is imported into it exceptional or unusual circumstances. It seems to me that causing the death of a child, in the sense of it being outright murder, is covered in other sections. Causing the death of an unborn child is covered in clause 209. But I come back to my question, namely, in view of the fact that infanticide is defined as something that happens under exceptional and understandable circumstances, is it not rather severe to increase the penalty from three to five years?

Mr. Garson: I am sorry to disappoint my hon. friend but I am afraid I will have to again answer him in the same terms. Might I point out that under the new bill it is proposed to have five types of penalties, those two years and under, those five years and under and so on. Since the present penalty under the existing code is three years, that penalty would fall within the five year group.

Mr. Knowles: Was consideration given to reducing it to two years?

Mr. Garson: Consideration was given, but on the basis of the cases which had arisen it was thought desirable to leave that much leeway with the court. The commissioners either had to reduce it from three to two years or bring it in under five, and they chose the latter of the two courses.

Mr. Knowles: On that point, does the minister know the considerations that were taken into account when that decision was made? I presume that the decision to adopt five years rather than two years was made by the commissioners rather than by the Senate committee or our own committee of last session. It would appear to me that the decision was made simply on a mathematical basis. It looks to me as though, the penalty having been three years and there now being no three year penalty, it either had to be two or five, so they adopted the period that covered the existing sentence.

Mr. Garson: Oh no, I think it would be quite wrong to suggest that it was done solely on such a mathematical basis as that. I assure my hon. friend that the decision as to whether the penalty of three years should be cut down to two would be based upon criteria which were not mathematical. As I said a moment ago, they would consider a variety of circumstances which had arisen in cases under this section. The question which they would, I think, pose for themselves and answer

would be whether, in covering a variety of circumstances, it was desirable to have a penalty of five years or two years. They decided on the five years. Now, that decision was reviewed by the other place on two different occasions and by the special committee of the House of Commons at the last session of parliament, and no change has been made. There is nothing to prevent us from making a change here if it is thought desirable.

Clause agreed to.

On clause 209—*Killing unborn child.*

Mr. Stick: Clause 209, subclause 2, states:

> This section does not apply to a person who, by means that, in good faith, he considers necessary to preserve the life of the mother of a child that has not become a human being, causes the death of the child.

I take it that provision applies more to the medical profession?

Mr. Garson: Yes.

Mr. Stick: The medical profession is not specifically mentioned there, so anyone else who may have to take action in such circumstances may be leaving himself open to a charge. An ordinary person, under those circumstances, may have to act as a doctor and may be acting in good faith. In what position is he placed then?

Mr. Garson: He is placed, I suggest, in the position which is indicated by the language of the section itself. In the case in which he is charged, if he can establish that he did this act in good faith because he thought it was necessary to preserve the life of the mother of the child, then he could establish that defence and could be acquitted. I know that in the great majority of cases this will apply to the medical profession. But there are cases that arise in some hamlet remote from medical attendance, in which a midwife might be involved, or perhaps not even a midwife. If the lady who was ill had no other skilled service available, it might be some individual who had no medical training at all.

Where anyone acted in good faith when he was faced with that emergency, I think there will be general agreement that it would be desirable that he should not be left wide open, by the terms of the statute, to being found guilty, as he might be if there were not a saving clause in the section.

Mr. Stick: The reason I asked is that in some parts of Newfoundland and Labrador the medical services are rather scattered, and ordinary men have had to act in such cases. They would be safeguarded by this clause?

Mr. Garson: Yes, my hon. friend is quite correct in that. As a matter of fact, in replying to his question I could not help but think that was perhaps the point he had in mind. It is a point very well taken.

Mr. Hansell: I am a little confused by the wording of the section, Mr. Chairman. I fancy that this section is the section in the Criminal Code that deals with abortion.

Mr. Garson: No, the one that deals with abortion is section 237.

Mr. Hansell: Perhaps I should reserve anything I have to say until that section is called.

Mr. Garson: That is right.

Mr. Hansell: I do not know whether the minister can answer a medical question, but at what time in the prenatal existence does the child become a human being? I cannot quite understand that, and perhaps I should not bother my mind about it.

Mr. Garson: If my hon. friend has the bill in front of him, would he look at clause 195? It reads:

> A child becomes a human being within the meaning of this act when it has completely proceeded, in a living state, from the body of its mother whether or not
> (a) it has breathed,
> (b) it has an independent circulation, or
> (c) the navel string is severed.

Mr. Gillis: If clause 209 does not mean abortion, what does it mean?

Mr. Garson: An illegal operation which, I suppose, my friend might argue is a form of abortion.

Mr. Gillis: It is the same thing.

Mr. Garson: No, this is the killing of the fetus, that has not become a human being. If my hon. friend will look at clause 237 I think he will see the answer to his question.

Clause agreed to.

Clauses 210 to 220 inclusive agreed to.

On clause 221—*Criminal negligence in operation of motor vehicle.*

Mr. Nowlan: I wonder if the minister would comment on the effect of this section, which is entirely new, on that very important matter of motor manslaughter. What is the difference between the law as it will be after this clause is passed and the law as we now have it under the existing Criminal Code?

Mr. Garson: While in the printed bill on the right hand side of the page it is indicated that clause 221 (1) is new, actually it replaces in part section 285 (6) of the present code.

The present clause 221 (1) is I think, in its clear terms, pretty well self-explanatory. In drawing it in the form in which my hon. friend now finds it, it was felt that in so far as the operation of motor vehicles was concerned, an offence should be created only when there was wanton and reckless disregard for the safety of others, leaving it for the provinces to deal with the less serious forms of careless driving under their motor vehicle control acts. Accordingly this provision is found in the form in which it is.

Mr. Nowlan: As the law is now, Mr. Chairman, as I recall it, we have three classifications, shall we say, of criminal negligence with respect to motor vehicle accidents. In the first place we have the dangerous driving section. Then we have reckless driving, and ultimately we have manslaughter.

Mr. Garson: No, we have criminal negligence in the operation of a motor vehicle under this clause 221 (1). Then if the criminal negligence which could be charged under this clause causes death or bodily injury, such cases could fall under clauses 192 and 193 which we considered yesterday.

Mr. Fulton: And also under clause 207.

Mr. Nowlan: As I was saying, under the existing law I have heard judges instruct juries, when dealing with manslaughter, somewhat along these lines: "There are four classes of negligence. First of all there is civil negligence with which, gentlemen, we are not concerned. Then you come to the question of dangerous driving"—and I heard one judge, rightly or wrongly, and not too long ago, say that is the first step on the ladder. "Then we go up one step farther on the ladder and we come to reckless driving. That is the second step. And then," as this judge pointed out, "if we stand on the top of the ladder we have come to the charge of manslaughter."

I am not sure that charge to the jury was one which would stand the test before a judge who is not too far removed from this building. Nevertheless that was the way the judge charged at that time, and he had some cases to support him. I understand that this has been changed to some extent by this all-inclusive definition of criminal negligence, and I am curious to learn what changes, if any, that judge would have to make in his charge if the code we have in front of us is passed, as compared with the charge he did make.

Mr. Garson: As regards the judge's charge apart from some clarification and simplification I doubt if there is any substantial change effected. As I have said, you begin by laying a set of facts before a crown prosecutor. It is the crown prosecutor's task to consider those facts and make up his mind as to what sort of charge the facts would prove and therefore as to what charge he thinks might properly be laid.

If those facts will prove only a charge under the present clause 221, then he lays a charge under that clause. But if death has supervened, then he may lay a charge of manslaughter, or of criminal negligence occasioning death, as set out in clause 192. Or, if it was a case of occasioning bodily harm, he would lay a charge under clause 193. Then the courts would proceed to consider such a charge in the same way they would consider charges under the existing code.

Mr. Fulton: We really have three clauses under which charges arising from deaths caused by motor vehicles can be laid, have we not? We have clauses 192, 207 and 221.

Mr. Garson: The hon. member is referring to the existing code, is he?

Mr. Fulton: No, the new code, or the code as it will be when this bill is passed.

Mr. Garson: Clause 119 has to do with obstructing justice.

Mr. Fulton: No, I was referring to clause 192. After this bill becomes law, in connection with a person driving a motor vehicle I understand there are three clauses under which he can be charged; these are clauses 192, 207 or 221.

Mr. Garson: That is right.

Mr. Nowlan: I was not in the committee last year which dealt with the Criminal Code, but what I have in mind may be covered in a clause we have not yet reached. However, as the minister knows, if today a man is charged with manslaughter there are several alternatives. The jury may find him not guilty of manslaughter and may find him guilty of (a) reckless driving or (b) dangerous driving. I take it that clause 192, which has slipped in so quietly, indicates that the minister and the commissioners have been trying to avoid what we might describe as the repugnance of juries to convict on a manslaughter charge. So now we are going to have this new offence under clause 192 involving death by criminal negligence. And, as the minister said a moment ago, this might be the charge in connection with a death caused by an automobile.

Now, what is the situation? If a charge is laid under clause 192, death by criminal negligence, is there a proposition which says that a jury may find him not guilty of that charge but guilty of an offence under another clause.

Mr. Garson: Yes, there is.

Mr. Nowlan: Then why is there an increase in the sentence under clause 221? Under the present section 285 (4) anyone guilty of reckless driving, or of wanton and wilful misconduct, is liable on conviction to a fine of a small amount, or a certain length of time in jail. Now, under clause 221 in the bill, there is provision for a penalty of five years, which is certainly substantial and well above the one now prevailing in the Criminal Code.

I should think that we are going to be faced with four possible convictions. There is the possibility of a conviction under clause 192, death by criminal negligence. Then a person not guilty of that could be charged under clause 221, with being criminally negligent in the operation of a motor vehicle. Then we still have reckless driving and dangerous driving; or are they both abrogated by this clause?

Mr. Garson: Well, I think on a set of facts under which a crown prosecutor would be warranted in laying a charge of criminal negligence, it would be pretty difficult, in the result, to end up with a charge of reckless driving.

Mr. Nowlan: It can be done today, as the minister knows, even with a charge of manslaughter.

Mr. Garson: Yes.

Mr. Fulton: There is no equivalent for reckless driving in the proposed new code, is there?

Mr. Garson: No; because it was felt, as I said a moment ago, that it was desirable to leave those lesser offences to the provincial statutes, and that we would deal with those offences having to do with the operations of motor vehicles which were criminal in their nature.

Mr. Fulton: Then that leaves unanswered the question asked by my honourable and learned friend, the hon. member for Digby-Annapolis-Kings, regarding the increase in penalty. Both sections 284 and 285 provide maximum penalties of two years. Now these are to a large extent being replaced, in connection with the driving of motor vehicles, by clause 221 in the bill, under which the maximum penalty is five years. Would the minister indicate why it was felt proper to increase the maximum penalty to that extent?

Mr. Garson: Well, the answer to my hon. friend's question is that, in relation to this present charge, it was the view of the commission that it was appropriate to bring the penalty into that second grade of offences which make provision for imprisonment up to five years. This is a quite serious charge. If my hon. friends will take a look at the definition of criminal negligence in clause 191 they will see that in order to prove a charge of that nature it has to be shown that in doing anything or omitting to do anything that it was his duty to do, the accused exhibited wanton or reckless disregard for the lives or safety of other persons.

Mr. Fulton: I understand that.

Mr. Garson: Now, I think it would be hard to argue that that type of criminal negligence when proven should carry a lesser penalty than five years as a maximum. Or, to put it this way, it would be hard to imagine that it was impossible for a set of circumstances to arise somewhere in Canada in which criminal negligence had been shown that was of a sufficiently grave nature to merit a penalty of five years.

As my hon. friend knows, in each of these cases the penalty is in the discretion of the court. If the court should see fit it could send an accused to jail for two days. For my part, I am in agreement with the commission. When we have motor car criminal negligence defined the way it is in this new Bill 7 it is a very different offence from that under section 285 (6) under the present code, and should carry a penalty of five years. Anything less than that would be too small. As a matter of fact, I think perhaps an argument could be made that it might even go higher.

Mr. Fulton: I do not know. Let me direct the attention of the minister to the wording of section 285, which is largely replaced by clause 221 and subsequent clauses. Section 285 starts off as follows:

> Every one is guilty of an indictable offence and liable to two years' imprisonment who, having the charge of any carriage or motor vehicle, automobile, or other vehicle, by wanton or furious driving, or racing or other wilful misconduct, or by wilful neglect, does or causes to be done any bodily harm to any person.

I suggest that the words "by wanton or furious driving, or racing or other wilful misconduct, or by wilful neglect" are quite as strong as the words "shows wanton or reckless disregard for the lives and safety of other persons". To any layman they would mean very much the same thing. Wanton or furious driving, or racing or other wilful misconduct while in charge of an automobile, is certainly very wide. Would it not be included in the words "shows wanton or reckless disregard for the lives and safety of other persons"? In driving wantonly or recklessly you come pretty well under the

old section which had a maximum penalty of two years, whereas now it is going to be five years.

Mr. Garson: With great respect I suggest to my hon. friend that wanton or furious driving is not the equivalent of doing anything that shows wanton and reckless disregard for the lives and safety of other persons. If I drive furiously and recklessly down an empty road in the country and there is no person there, I can bring myself under the definition which my hon. friend was quoting, but I am very much more criminally negligent if I drive down that road when there is a crowd of people walking on it, or many persons walking on it, whose lives or safety may be endangered.

Mr. Fulton: The minister misapprehends the point. In section 285 there must be a person there for a charge to be laid. Therefore if the minister is driving wantonly or furiously and there is nobody there, he could not hit him and therefore could not be charged. I suggest that wanton or furious driving and racing down a road on which people are present, as must be the case for a charge to be laid under section 285, is the same as driving with a disregard for the lives and safety of other people.

I am not going to press the point, as I think perhaps it is taken care of by the maximum, though I do not think the courts would be more inclined to approach near the maximum than otherwise. I would point out that it is possible for an offence, which it seems to me under the old code could not attract a penalty of more than two years, to now attract a penalty of five years.

Mr. Nowlan: I should like to clear up this one point raised by the hon. member for Kamloops, and then I am through. I want to reinforce what my hon. friend said with respect to this matter of punishment. I say with all respect to the minister that I feel the commissioners who were responsible for drafting these sentences were not too conversant with the practice in the criminal courts. Frankly I cannot see any reason for having three platforms on which to stand, the two year platform, the five year platform and something else. This happens to come within the five year category.

What is happening under this motor manslaughter charge, if I may use that term, as now found within the code is that heretofore juries have been reluctant to convict and as a result have been prone to bring in verdicts of not guilty of manslaughter but guilty of reckless driving or dangerous driving. If a man is convicted of motor manslaughter, depending on the circumstances of the negligence, he may get from three years to five years. If he is convicted of reckless driving the chances are that he will get two years in the penitentiary. If he is convicted of dangerous driving he may get from four to six months in jail. I think that is the general practice followed by the courts, at least those in which I have had a little experience.

We have done away with motor manslaughter, to all intents and purposes. We still have manslaughter. We have the new clause 192 which gets rid of that. We now say:

> Every one who by criminal negligence causes death to another person is guilty of an indictable offence and is liable to imprisonment for life.

Instead of having charges of manslaughter we are going to have charges of death by criminal negligence. We have abolished reckless and dangerous driving, and we come down to clause 221 under which anyone convicted could receive a sentence of five years in the penitentiary.

I am suggesting that this is not a realistic approach to the matter of punishment. The minister says that if there is criminal negligence anyone convicted should be given five years. I think you will find that nine juries out of ten will never convict. Undoubtedly there are many cases where the criminal negligence warrants a sentence of five years or more, but I say that in 90 out of 100 cases there will be difficulty in getting a conviction for criminal negligence. A jury may find a verdict, but usually there are extenuating circumstances of time and conditions, and I think it would be very seldom that a sentence of five years would be imposed even for manslaughter.

Now we have reached the stage where we have a lesser charge which is carrying a maximum sentence of five years. I contend that one of two things will happen. We will be imposing too heavy a sentence for the offence. It is all right to say that this is a maximum sentence and the judge could give two days, but no judge is going to give a two-day sentence under circumstances such as these if a man is charged and found guilty. I think very often a judge will feel compelled to impose a more severe sentence than the circumstances warrant.

On the other hand I can envisage a jury, with perhaps the judge intimating to them that there are only two charges on which the accused can be convicted and for which the sentences are life in the one case and

five years in the other, considering that five years is too much. I am sure the minister knows from his correspondence that thousands of people have been acquitted of manslaughter because the jury felt that if they convicted the judge would sentence the accused to life. It was an awe-inspiring, frightful term, and they did not want to convict. Very often they would bring in a verdict according to the last rung on the ladder, a verdict of dangerous driving.

Now you have only one rung on the ladder under the clause we are dealing with now. In my humble opinion, if convictions are made the sentences will be more severe than they should be. I am not speaking now of certain types of cases where the sentence could not be too severe. I feel that in many cases there will be opportunities for the defence to argue in that way. One might intimate to the jury that this is a most unfair thing the government has done, and thus get an acquittal. It is not as easy as the minister suggests.

Mr. Knowles: As the minister knows, I have on a number of previous occasions protested the increases in penalties set out in this revised code. I have also objected to the blanket idea that penalties have to be placed in certain categories. I appreciate the argument that has just been made by the hon. member for Digby-Annapolis-Kings, and I appreciate also the position of the minister, namely that criminal negligence when it is related to the operation of an automobile is a very serious matter and that something very serious has to be done about it.

However, I am not sure that stiffer penalties should be considered as the only answer, as the only serious reply to this very menacing situation. I do not suppose there is anything we shall be dealing with today, so far as the Criminal Code is concerned, that is more serious than this question of death on our highways. I refer not only to the tremendous number of deaths that take place, but to the tremendous number of bodies that are maimed and lives that are ruined because of accidents. These deaths and accidents arise in part from carelessness, recklessness and criminal negligence, covered by the words used in this clause, and they rise in a very large degree from alcoholic intoxication, and other matters which will be discussed under later clauses.

I wonder if this whole subject is not something that should be given much greater study than it has been given thus far. I am mindful of the fact that some questions have been referred to a special committee and that one question is to be referred to a royal commission. I do not wish to make invidious comparisons, but I believe the question of death on our highways is a more important matter than the question of whether we should revise our attitude towards lotteries.

I would still like to see matters which are involved in this clause, and in the next several clauses, given a much more thorough study than has yet been the case. I have in mind the possibility of this whole subject being studied by the special committee which has already been set up, or by some other special committee. Despite my reluctance to agree to too many of these federal-provincial conferences, I can see that this might be a field in which that device could be employed.

The minister has suggested that there are certain traffic offences which come within provincial law. That being the case I offer this as a suggestion. I am not at this point able to move a motion that something be done, but I am throwing out this suggestion because I feel that even if we have no alternative at the moment but to go through these clauses and pass them as they are, with slight amendments and improvements which might be made, even after that is done it is high time a serious attempt should be made in this country to grapple with this problem of death on our highways.

Perhaps the immediate reaction people feel is that stiffer penalties would be a good idea. Certainly the Minister of Justice expressed that immediate reaction when he rose a moment ago. But the proposal that penalties be stiffened does not always represent the kind of serious thought that really goes to the heart of the problem. Perhaps I am challenging myself to do something which I am not in a position to do. What is the answer? I do not claim to know, but I do know that an answer simply must be found. It is not reasonable that we as intelligent human beings in this latter part of the twentieth century should go on permitting the number of deaths which take place on our highways the year round, not to mention the very heavy toll over week ends or when traffic is heavy.

I feel very strongly about the clauses which are to come in a moment or so, particularly those that deal with intoxication and alcoholism. It seems to me something should be done about that major cause of highway accidents and again I appreciate the minister's instinctive response, shared by others, when he recommends stiffer penalties. But is that the final answer? The fact is that we simply must find ways and means of preventing accidents on the highways. Does it restore a

life that has been taken, or does it give back the health that has been ruined, simply because someone has to spend two years or five years or even life in jail as the result of an accident which has taken place?

We can get off into all the theories and ideas we have about crime and its prevention, but perhaps the reason I am taking a few moments to say what I might have said in a few sentences is that I feel it is extremely important that whatever we do to these clauses of the code, this must not be the end of Canada's attempt to deal with the problem of death on our highways. One of the dangers of putting through legislation in this house is that there is a tendency to say, "Well, that matter has been dealt with. A law has been passed and put on the statute books. We can go on and deal with something else." But we cannot take that attitude toward this very serious problem, and I believe the people of Canada have a right to expect of us something more than just a few changes in this part of the Criminal Code.

I believe my proposal for a committee, a royal commission or a federal-provincial conference on the whole question should be taken very seriously. The minister suggested a while ago that this clause involved something more, but little more, than a codification of the existing law. I contend that this problem is so serious that it calls for a great deal more.

Mr. Garson: Mr. Chairman, I am sure there is no one in this chamber, certainly not I at any rate, who would differ in any way with the hon. member for Winnipeg North Centre in regarding this matter of, as he puts it, death upon the highway as one of the most serious problems with which not only Canada but most civilized countries in which there is heavy automobile traffic are faced.

I am in agreement with him when he states that we cannot solve this or any of our other social problems solely by means of the criminal law. I believe it is the view of people who have made a study of this matter that personal courtesy or the lack of it shown by many motorists, who seem to be very courteous people until they get behind the wheel of a car, has a great deal to do with our high accident rate. I am sure the consumption of liquor by certain car drivers also has a great deal to do with it.

I would be the last one to suggest that a dominion-provincial conference or a conference of those who have some special training in this field, with a view to curing this problem, would not be a very desirable step to take. But in our approach to this problem in

[Mr. Knowles.]

connection with the clauses we are now considering, it is rather important that we retain as accurate an impression as possible of what we are doing here. We are not dealing with courtesy. We are certainly not dealing directly with the relationship of the liquor traffic to highway traffic. We are simply dealing with a question which is only one facet of the problem of death on the highway, namely what are the proper clauses which can be put in the Criminal Code which will help to ameliorate if not cure this problem?

That is our task; and when my hon. friend from Digby-Annapolis-Kings or my hon. friend from Winnipeg North Centre suggests that we should send these clauses on to a royal commission, a parliamentary committee or something of that sort—

Mr. Nowlan: I did not suggest that.

Mr. Garson: I know my hon. friend did not —or casts any aspersions upon them directly or by implication, I think, with deference he is being a little bit unrealistic in refusing to recognize the competence of the commission which dealt with this matter, a competence based on their actual experience in dealing with the subject matters of these sections as men who, from their own actions at the bar and their own long experience on the bench, knew what they were talking about in this matter just as well as any committee that we are ever likely to set up here.

Let us consider some of them. One is the chief justice of Saskatchewan who, for several decades now, has been on the bench hearing amongst others cases of this sort. Another is the senior county court judge of the county of York, His Honour Robert Forsyth, who had long experience in this field. Another is Mr. Justice Fernand Choquette. Another who participated in this drafting work was Joseph Sedgwick, one of the most distinguished criminal defence lawyers in Ontario. Another is Arthur Slaght, who is certainly in the same category. Then in the later stages we had the lawyer members of the special committee of the House of Commons last year, some of whom had had legal experience in this field. Then there was Mr. A. A. Moffat, who for many long years was crown prosecutor in the city of Winnipeg.

Mr. Nowlan: Just what I said; the prosecutor complex.

Mr. Garson: He was also for many years after that crown counsel in the department of the attorney general, and for several years after that he was deputy attorney general of Manitoba.

My hon. friend says that he has a crown prosecutor complex, but no person can charge

that he is ignorant of this subject or that he does not know what the problem is. I would venture to say that this last gentleman of whom I am speaking has probably had more cases of this kind, either as a defence or prosecuting lawyer, than perhaps any lawyer here in the House of Commons, and he knew exactly what he was dealing with in this bill. If he has a crown prosecutor complex, what about Senator Farris of Vancouver, who was one of the chief members of the subcommittee of the other place, who was a distinguished criminal lawyer and who has had a whole lifetime of experience?

Mr. Fulton: As attorney general.

Mr. Garson: What about Senator Arthur Roebuck, who for many years was attorney general of Ontario?

Mr. Knowles: Mr. Chairman, to what extent are we allowed to discuss senators in this chamber? I would be interested in knowing.

Mr. Garson: I think we can discuss the membership of these committees which have considered this bill without in any way dealing with what transpired in the other place.

The Deputy Chairman: Order. I should like to make this suggestion to the minister, not on the point of order raised by the hon. member who just raised it but on the general scheme of debate. If, every time we raise a question as to a section of the code, we are going to come back and discuss the merits of the commission on the Criminal Code, I am afraid we are not going to get very far. I think perhaps the minister might come to the remarks which have been made on the section itself.

Mr. Garson: I accept your suggestion, Mr. Chairman. I was not addressing myself to the section before us but was addressing my remarks to the suggestion that we should now turn this matter over to a competent body to consider. I was merely making the point that it has been considered by an extremely competent body and last year was reviewed by, I think it is fair to say, the membership of the House of Commons committee.

Mr. Knowles: Will the minister permit an interruption, or a question?

Mr. Garson: Certainly.

Mr. Fulton: Which is it going to be now?

Mr. Nowlan: An inter-question?

Mr. Knowles: Did the minister himself not say a few moments ago that all of this relates only to what we do in the Criminal Code about this matter?

Mr. Garson: Quite so.

Mr. Knowles: In other words, is it not fair to say that as yet nothing has been done about the broader question of taking steps to prevent death on our highways? My suggestion was not that the commission or anybody else had been incompetent so far as this aspect of the matter was concerned but rather that, after this is all done, there is still more to do.

Mr. Garson: I am sorry if I misunderstood my hon. friend. I thought what he had in mind was that we should send these sections off to be considered by some body of that sort. If my hon. friend means that after passing these sections it might be desirable for our government to call a conference with the provinces upon this matter, or that the law enforcement officers in the provinces might get together on the matter—because they are the prosecuting authorities—I am in complete agreement.

Mr. Knowles: That is what I am asking for, a study of the broader subject.

Mr. Garson: I am in complete agreement. I agree with my hon. friend, as I said when I opened my remarks, that it is an extremely important problem which is deserving of the best attention that we can give to it. However, my point is this. I do not think we are going to help solve the problem particularly by not proceeding to pass these clauses now, for they represent, in my judgment, a very excellent disposition of that facet of the problem which comes within the purview of the criminal law.

Mr. Drew: In the first place, Mr. Chairman, I simply wish to express my keen interest in the confidence the minister has indicated he has in royal commissions. Recently in this chamber there have been certain comments which suggested that the government had no faith in them. I find it extremely comforting to realize that this instrument of inquiry commands the measure of confidence now expressed by the Minister of Justice. The fact is that in naming the people who were appointed to this commission, and in emphasizing his own belief that they were competent to make a finding, he has supported the contention we have made, and will make on other occasions, that this is an extremely useful instrument to inquire into and report upon facts that cannot be brought together loosely here in this chamber and digested by the members in the course of a debate.

As to this section and the problem before us, there may be different points of view. There are different points of view that are related perhaps to the experience members have had in this field. My own belief is that we are dealing with one of the most serious

problems facing this country, and that it is going to be an increasingly serious problem as each year goes by, as we see the power of automobiles increasing beyond anything we would have imagined possible a few years ago. When we realize that cars of 200 horsepower, 220 horsepower and 240 horsepower are going to be second-hand cars in the hands of youngsters on the highways in only a few years from now, we realize something of the threat that is presented. When we also realize the increasing size of the trucks, occupying so much space on whatever highways are available, I do not think we should be in any way reluctant to do anything that will lessen the slaughter on the highways. It is a slaughter that has become manslaughter in many cases through the carelessness of those who are driving the vehicles.

As I wish to say a few more words on this subject, Mr. Chairman, I would ask you to call it six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On clause 221—*Criminal negligence in operation of motor vehicle.*

The Deputy Chairman: Order. At six o'clock we were discussing clause 221.

Mr. Drew: Mr. Chairman, I wish to continue the remarks I was making with respect to the subject now under discussion. Perhaps I speak with some feeling about it, having returned this afternoon from visiting a recent victim of one of these many tragic accidents. I only mention that because in hospitals all over the country today, from one side of Canada to the other, there are people on the verge of death or people on the way to recovery whose whole future is uncertain because of circumstances entirely beyond their control, and where there can be no possible remuneration as the result of any court proceedings that would compensate in any way for the uncertain position of the whole family in the years ahead and for the long years of suffering that may result from accidents of this kind.

Without emotionalism, I think we should realize that we are dealing with something that has now reached the proportions of a major national tragedy. As we see the total figures of deaths and serious accidents piling up, reaching figures that almost have the appearance of heavy battle casualties, the time has come for us to devote all the thought we can to ways in which the proper use of our highways can be brought within reasonable bounds and some measure of safety restored to this vitally important part of our ordinary daily movement from place to place.

The Minister of Justice said quite correctly that you cannot deal with this problem alone by any words you introduce into the Criminal Code, or by the penalties you impose. I certainly agree with that statement. I think this is an appropriate time to mention one aspect of the problem that it is proper to mention in the House of Commons inasmuch as the policing of our highways is divided among police under the authority of the federal government, police under the authority of the provincial governments and police under the authority of municipal councils. Therefore any remarks I may make in that respect are general remarks applying to policing of our highways, and are made without any suggestion that I presume to advise either the provincial or municipal authorities as to what they should do. Nevertheless I think remarks that would apply to police under the authority of the federal government would apply to the others with equal force, because the problem is the same; and as we all know, much policing is now done in the provinces and municipalities by police coming under federal authority.

It seems to me that the time to stop fatal accidents is when recklessness first becomes apparent. The time to avoid a fatal accident is when it is evident that someone is driving recklessly, in a manner that may cause a fatal accident. It happened that I was on highways in different parts of this country during the heavy snowstorms last week, and as I travelled along I saw several accidents. They were caused by a number of contributing circumstances. Undoubtedly the major contributing factor was the heavy snowstorm itself with its resulting slippery conditions, but I saw something that must impress itself on everyone who has occasion to drive under such conditions. I saw heavy truck after heavy truck occupying so much of the road that under difficult driving conditions and with low visibility the driver of an automobile whose view was obscured by these trucks had great difficulty in seeing what was coming some distance beyond.

I know it is easy to say that the driver behind a truck should simply stay there. Nevertheless the fact remains that the law permits certain speeds which are regarded as reasonably safe, with certain modifications in the light of general conditions. I noticed on a number of occasions that these very large trucks would not move to the right if a car was coming from behind in the same way they were bound to move over when a car or

another truck was approaching them. I wish to make it perfectly clear that I am offering no general condemnation of those who operate or drive these trucks. It is legal to do so. It is a part of our transportation system, and I am satisfied that in most cases truck drivers are doing the best they can under very difficult conditions.

Nevertheless this is a problem we must all face. Whether it be the careless truck driver or the careless driver of an automobile, I think more can be done to stop carelessness before it reaches the stage of tragedy than has been done. Certainly there were different occasions last week during the heavy snowstorms, if it had been pointed out to these drivers that what they were doing was extremely dangerous it might have been very useful at some time in the future. I feel sure we will all agree that this is a part of the general problem. There can be no sweeping statement made as to the limitation of the use of our highways or a suggestion that any special rules should apply to one or another type of motor vehicle operation.

I repeat that most truck drivers are performing their daily task to the best of their ability. However, we have placed on highways never built to be great freight carriers, vehicles that are little short of freight trains; and it does seem to me that in the policing of our highways the greatest care should be exercised to assure that these trucks will observe the law because their very size and the extent to which they block the ordinary view contribute greatly to many accidents.

I am not going to speak at the moment about one of the very serious contributing factors, the use of alcohol by those driving trucks, because that will be dealt with under another section. I am speaking simply about careless driving, reckless driving or driving with no regard for the possible consequences that may flow from what is done. Under our Criminal Code a person who uses a lethal weapon with complete disregard for the outcome, and in such a way that what he does causes death, may be guilty of murder. What is happening on the highways today in many cases is little short of murder.

That applies to the drivers of automobiles just as much as to the drivers of other vehicles. This appalling toll of death and destruction that is unfolded to us day by day through the press and over the radio, with all the consequent tragedy that will go on for many long years, is something that should engage the most careful thoughts of every one of us.

I recognize that any punishment that is too severe may well defeat its own purpose, because courts are disinclined to inflict a punishment that may seem unreasonable. On the other hand I have a very strong feeling that if there is real negligence and real disregard for the consequences, when the jury recognizes the tragedy that has resulted they will not be disinclined to impose a heavy penalty. This penalty is not merely for the purpose of punishing a person who has erred, but is for the purpose of discouraging recklessness in others and making safer the highways, where so much of the movement of our people now takes place. I do not think there is one of us today who is not worried when those near and dear to him are on long trips on the highways. We may have complete confidence in their ability or our own, yet we know this may prove to be no safeguard under the conditions which arise.

I hope that in approaching this problem we will recognize that we are dealing with no mere minor departure from reasonable caution. We are dealing with something that can bring the gravest tragedy to families which had every reason to expect a long and happy life together. If a young man is going to drive the engine of a railway train, guide a street car or any other fast, heavy vehicle of that kind, it is customary to make sure he is skilled before he gets behind the controls. We are strangely lax in the measure of supervision that is imposed before people can get behind the wheel of an automobile that can move at 100 miles an hour or more, and can carry death and destruction to people who had no reason to be in any doubt that they were going to arrive safely at their destination.

I simply repeat what I said before, that while we cannot prevent accidents the place to stop recklessness is before it has caused death or tragedy. Wherever it comes within the jurisdiction of the federal government I would hope that instructions are very definite that such reckless driving as has not yet caused tragedy will be dealt with in a way that is likely to prevent some subsequent tragedy.

Mr. McIvor: I should like to say a brief word on this, Mr. Chairman. I think we should deal with the cause of highway accidents. It has been my experience to find a good many young men, who had broken the law, in the police station. What was the cause? Well, they had been taking something that the government licenses, and I have a good deal of sympathy with them. I can see a group of six at Christmas going out and having a time. They had an accident

and ran into the police patrol car before they got home. Of course they were in the police station the next morning. I thought it was a kind of a joke, but we should call a spade a spade.

We not only license the cause of many highway tragedies but we allow it to be advertised in many of our leading magazines, and I think that is asking for trouble. I should like to speak for an hour about this, but I think I have shown where I stand on the cause of highway accidents. If we, as members of parliament, do not get on the water wagon how can we expect other young fellows to do so?

Mr. MacInnis: The particular matter dealt with by the hon. member for Fort William is covered in the sections immediately following this one. I feel we all must agree with the remarks made by the Leader of the Opposition and by the member for Winnipeg North Centre before the dinner recess. The question is how much can be done through the Criminal Code, and how much has to be done outside of it?

In the matter of the operation of trucks, I think possibly there is not sufficient supervision of truck drivers. A moment ago the Leader of the Opposition mentioned railways, street cars and that sort of thing. They are well regulated. The railways are regulated by the board of transport commissioners, and the speeds at which he can travel are laid down for every driver when he gets into his engine. Buses and trucks are under the control of the provincial authorities, and when an accident occurs I think there should be some investigation of the schedules these drivers have to maintain. If the schedules are such that they have to drive at speeds that are dangerous, then someone should have the authority to see that the schedule is set so the drivers can proceed at safer speeds.

As I said, I do not know just how much we can do here. All we can do is impose penalties. As the Leader of the Opposition said, if we make them too severe then they will not be enforced. Probably one of the difficulties in getting convictions in cases of this kind is that almost everyone drives a vehicle of some kind. When a case comes before the jury, each juryman thinks he had better not be too severe in this case because it might be his turn to have an accident very shortly. It is, therefore, difficult to get a conviction. It seems to me that the punishment in this section is severe enough, indeed very severe. I do not know what else can be done under the code.

Mr. Mitchell (London): The whole field of criminal negligence is one that is new. It is expanding as we in Canada and on this continent expand our way of life. This section constitutes one additional change in this law of criminal negligence. I suggest that in considering the penalties which we prescribe for negligence there are several views we must examine.

The first of these is that the car has become an inherently dangerous object. The minute it leaves the showroom it becomes a dangerous thing in the hands of many people; in fact it is more dangerous than a gun. In the fall we all read of the number of persons who are killed as a result of the improper use of guns, but in fact that number is so infinitesimally small compared to the damage and destruction wrought by cars that it is rather surprising we even notice it.

The second problem in dealing with motor cars is this. I am sure each of us has said at some time or other, when we have referred to a person charged with an offence involving the use of a motor car, "Oh, poor Tom; he is not really a criminal". We are confronted with that state of mind, and this reflects itself not only in the public at large but in the minds of our juries.

Now we are faced with a change in this clause setting a higher penalty in terms of imprisonment. I submit we are bound to run up against juries who will say, "Oh, well, now, this fellow is a perfectly normal citizen who has just made a mistake". They forget all about the damage and havoc he has wrought either through sheer negligence or perhaps for some other reason such as the consumption of alcohol. We also forget the number of cases in which we find that persons have been convicted not only once but perhaps two or three times.

Having said that, we must consider what should be done with those people. I have three suggestions which with your permission, Mr. Chairman, involve consideration of clause 225. The first has been most aptly expressed by the Leader of the Opposition, and has to do with licensing. Upon that I shall say no more. The second has to do with the possibility of setting up separate places of confinement for offenders against the appropriate and ordinary uses of the automobile. In that way we can say, and justifiably so, that they are not convicted as criminals, as such, but are convicted for making our highways places of slaughter.

Third, and most important, we should consider most seriously placing a minimum, and not a maximum, on the licence suspension of offenders. I notice in clause 225 that the court may prescribe in certain cases a prohibition from driving for a period not

exceeding three years, or if it is an offence which could carry with it life imprisonment, for any period in the discretion of the judge.

I suggest to you, Mr. Chairman, that a minimum suspension of at least 10 years, and probably more, should be placed upon a driver convicted under a section involving life imprisonment; and that in respect of any other section a period of at least five years should be prescribed during which there would be prohibition from driving. In that way not only would we rid our highways of the repeaters, but I feel also that we would go a long way toward making people realize that our highways are places where more care is required than in any other facet of modern living.

Mr. Nesbitt: Mr. Chairman, I endorse fully the remarks just made by the hon. member for London. I should like to take the matter one step farther. In this matter of penalties, while I quite agree that there ought to be a minimum period during which licences should be suspended, I feel that in respect of this clause and clauses 222 and 223 there ought, in addition, to be a minimum penalty of imprisonment as well. Some time ago in this country there was an outbreak of car thefts, and it was found necessary to impose a minimum penalty of one year for that offence. This seems to have had a reasonably salutary effect, although this has been somewhat modified by the provisions of the other section popularly known as the joy-riding section.

I should like to suggest that on any conviction under this clause, in addition to a minimum suspension of licence there should also be a minimum period of imprisonment of possibly three months. We have heard this afternoon and this evening about the greatly increasing numbers of people killed on our highways, due to the mishandling of motor vehicles. It has been pointed out that these fatalities have occurred when people should have known that their actions could have serious results. The fact must be brought home to them more clearly.

I quite agree with what has been said to the effect that juries, magistrates or judges, as the case may be, do not wish to impose heavy sentences, because they say, in effect, "There but for the grace of God go I". The way to get around that is to have a minimum penalty. I suggest some consideration might be given to this point.

Mr. Stuart (Charlotte): Mr. Chairman, many of the members who have taken part in this discussion have been of the legal profession. However, I have been listening to the discussion, and it has occurred to me that we are considering a problem that comes within the jurisdiction of provincial legislation. When licences for motor cars are controlled exclusively by provincial governments; when drivers' licences are also under the same provincial jurisdiction, and when we consider that the cancellation of a driving licence is a provincial matter, it seems to me that the subject now before us is also provincial. We are discussing a licence that has been provided by a provincial government to a resident of that province.

I shall make only one comparison and then I shall resume my seat. I was on the water for a great many years, and as a young man I was able to obtain my master's certificate. Since that time I have had a good deal to do with young men who have made application for masters' certificates through the Department of Transport. In that connection I have seen young men in their thirties and forties who were denied masters' certificates due to faulty eyesight.

I recall one particular occasion involving a young man, a personal friend of mine, who had a mail and passenger contract during the summer months between Campobello and Eastport, Maine. The trip was made during the afternoon, arriving home before dark. This young man made application for a master's certificate, which was refused by the Department of Transport because of his eyesight. He has served on the water since he was 16 or 17 years of age, and if I know him as well as I think I do, he is on the water tonight and is able to carry on in that capacity without any trouble at all.

Now, I am not criticizing the regulations under which certificates are granted by the Department of Transport, but it would appear to me that we are much too lax in our provincial regulations having to do with the granting of permits to drive motor cars. If the same approach was used in our provincial legislature that is used by the Department of Transport, there would be very few people driving cars who were incapable of driving them. I am convinced that it is from this cause that a great percentage of our trouble comes.

As the Leader of the Opposition pointed out, a person will apply for a licence to drive a car at speeds of perhaps 75, 80 or even 100 miles an hour. These people may be wearing spectacles an inch thick, and driving at night in all sorts of weather. Yet they are given drivers' licences. If those same persons applied for masters' certificates to operate boats on the water, travelling at 10 or 12 knots at the outside and with no danger involved, they would be turned down on account of faulty eyesight.

Having followed the discussion which has taken place so far I feel that if we are looking for a remedy the proper place that we may expect to find such remedy is in our provincial legislatures. As I said at the outset, the granting and issuing of licences to drive cars is completely under their jurisdiction, and I feel that the provincial legislature is the one and only body that can deal with the question we have been discussing.

Mr. Nowlan: Mr. Chairman, there are several factors in connection with this clause, and particularly the subsection, with which I should like to deal, but I assume the Minister of Justice will want to deal with the matters that have just been brought forward. I am not going to speak on them for the moment, but later on I shall expect to deal with one or two technical matters in respect to subsection 2.

I think the discussion which has taken place this afternoon and this evening has been most interesting and original, and indicates the evolution which has taken place in our concept of law and society within this country. As has been pointed out by the hon. member for Charlotte and others who have spoken, the control of motor vehicles lies within the scope of the provincial legislatures. Only within the last few days I remember reading in the press that the Minister of Transport had stated he thought that the control of motor trucks within Canada should be left to the provinces rather than to the federal government. With that view I am not quarrelling at the moment.

I think the discussion has pointed up the crux of this problem with which we are faced tonight. If we have not already reached it, I suggest to the Minister of Justice that we are rapidly approaching the stage where not only will the punishment of anyone who violates a section of the Criminal Code be a matter of criminal law, but possibly the whole control of driving on the highways should be brought within the ambit and scope of criminal law within this country.

The Leader of the Opposition and other hon. members have referred to this. The hon. member for Vancouver-Kingsway raised the question of the locomotive engineer who is licensed to drive his locomotive at a certain speed. The hon. member for Charlotte raised the question of licensing with respect to motorboat and fishing boat operation. In so far as the highways are concerned there is no control at all; yet if a person happens to come within clause 221, with which we are now dealing, the accused may have committed a criminal offence.

[Mr. Stuart (Charlotte).]

With respect to what has been said before, I do not think it is a matter of punishment. I have had some little experience with these matters, covering more years in court than I sometimes like to think about. I suppose I have had to deal in one way or another with 100 or 150 manslaughter cases and never once—I will not say once, but certainly in not more than 5 per cent of those cases—have I heard a person say that he was responsible for doing something wrong. In 95 per cent of the cases the person would sit in my office and say, "I did not do anything wrong. I don't know what happened. It happened so fast I cannot tell you what happened, but I know I am not responsible". You could have a section in the Criminal Code saying that such a man should be hanged by the neck until dead, and he would still operate his car in exactly the same way because he never thinks of himself as a criminal. In other cases the element of *mens rea* arises, but there is no *mens rea* in these cases.

I realize that it is a most difficult situation with which to deal, but I doubt if the solution is a matter of punishment. I think it is a matter of education in the first place. We have to go a lot further than we have gone heretofore in dealing with this matter. As the Leader of the Opposition and others have pointed out, we are faced with a great slaughter on our highways today.

Without wanting to set myself up as a constitutional authority, I think it lies within the ambit of this parliament to declare that certain things come within the scope of the criminal law of this country. I do believe we have to approach this matter in an entirely different way than we have heretofore done. This may be only a preliminary discussion, and it may be five or ten years from now before the matter is finalized. There are constitutional problems involved which I am going to deal with on another clause which we will get to later on. There is also a moral problem. There is a problem going to the roots of every home in this country. I think it has reached the stage where it comes properly within the jurisdiction of the federal parliament and our concept of criminal law.

I know I cannot properly discuss at this time the matter of the cancellation of licences. If this parliament is going to determine that licences can be cancelled for a certain length of time we will be impinging upon civil rights, apart from the punishment imposed for the commission of any crime.

Mr. Garson: May I say that we do not cancel licences. We do not grant them, so we cannot cancel them. The accused's provincial licence to drive and his provincial

motor vehicle licence are dealt with under clause 225 of this bill by empowering the court to order that the convicted accused cannot drive under his provincial licence. Then I think the provincial authorities follow that up by having the licence cancelled.

Mr. Nowlan: The statute provides that the magistrate may do certain things. That is one example of the approach which can be made to this problem. I am suggesting that sooner or later we will have to approach it on a far different basis than we have heretofore. I think it is going to have to be done by virtue of the Criminal Code, but I do not think it is going to be done simply by increasing sentences or suggesting that they should be more severe.

Mr. Hahn: I believe this clause involves the problem which was raised earlier. Since this is a revision of section 285, or a portion of it, to me the one part that stands out particularly is that the onus is on the driver to prove he is not guilty of a certain offence. From the portion of the debate that I could hear—the acoustics are not too good at this end of the chamber—I understand that a driver will have to prove that he is not guilty. I do not understand from the wording of clause 221 that it is necessary for someone to prove that the accused is guilty of the negligent operation of a motor vehicle, in which case there is no onus on the driver, unless we have a case similar to what was discussed the other day, where the individual must prove that he is not responsible.

Mr. Garson: May I ask my hon. friend what clause or subclause he is referring to?

Mr. Hahn: I was referring to a section further on, but they all are in the same division. I am aware that we are dealing with clause 221, but from what has been said up to this point by hon. members who have spoken before me I gather that it would be necessary for the individual to prove that he is not guilty.

Mr. Knowles: I should like to express appreciation for the sympathetic attitude which the Minister of Justice indicated this afternoon toward my insistence that there is something more to this problem than just passing the clause now before us. I think it is fair to say that the views of Canadians generally were never better expressed by their representatives in parliament than they have been this afternoon and this evening by hon. members in various parts of the house who have risen to stress the urgent need of something more being done about this problem of death and injury on our highways.

The hon. member for Digby-Annapolis-Kings, with the concurrence of the Minister of Justice after the minister made one correction, has drawn attention to the fact that constitutional considerations notwithstanding we do have an interest in this question of driving on the highways from the standpoint of the federal Criminal Code. Further, we have an interest because of our concern with respect to criminal negligence, and our concern over the protection of human life. There was one statement made by the hon. member for Digby-Annapolis-Kings which I hope was not taken too seriously. I refer to his suggestion that it may be four or five years before something is done about this matter.

Mr. Nowlan: Democracy goes slowly.

Mr. Knowles: I realize my hon. friend has been sitting opposite a government that moves slowly, but in this instance I hope he will be pleasantly surprised and that there will be something done in relation to this matter in less time than he indicated.

I wonder if consideration might not be given to this matter being studied along with the other matter which has to be considered by the conference being called by the Minister of Transport. Only two days ago the Minister of Transport announced that in view of another situation he proposed to call a conference of provincial ministers having jurisdiction over highways to discuss the problems arising therefrom and to endeavour to find a common ground on the best way to regulate and control highway transport whether intraprovincial, interprovincial or international.

I recognize that that decision to call together the provincial ministers of highways arose out of a different situation, but in view of the fact that the Minister of Justice this afternoon stated that he concurred in the desirability of a conference being called at a federal-provincial level on this matter, I would ask that serious consideration now be given by the two ministers to whom I am speaking, and perhaps we might add the Minister of National Health and Welfare—I see he is over there and I know he will be interested too—

Mr. Martin: All the big guns are together.

Mr. Fulton: That requires a salvo.

Mr. Knowles: This is something that needs big shots to deal with it. I hope the matter will be treated with the seriousness it merits.

While I am dealing with this subject, Mr. Chairman, and as an indication of a field in which something of great value can be done, I believe that tribute should be paid to the work that is being done in the province from which the Minister of Justice and I both

come. As he knows the provincial government's highway safety division has imposed in Manitoba, particularly in the greater Winnipeg area, very strict regulations with regard to the issuance of drivers' licences. I have had some connection with people who have obtained licences there in recent months, and I believe it is fair to say that what the applicants go through is not just a test but a course of training. As a matter of fact, they have had enough experience already in the greater Winnipeg area in the educational work being done by the highways branch to know that it is paying off in terms of less frightening statistics with regard to accidents in that area.

I believe something of that nature could be instituted generally throughout the country. I am not too sure, but I believe something similar is done in British Columbia. At any rate I believe the experience they have already had in some parts of the country and the information they have amassed could be shared at a federal-provincial conference. I agree with those who say that you cannot solve the matter entirely by law. Yet we will have to do something about it at the level of criminal law, and certainly this whole field is wide open for real progress. I hope the federal government will accept its responsibility to give a lead in this important matter.

Mr. Fulton: Mr. Chairman, I hope that if these three big guns who are together over there do finally manage to fire a salvo it will not just be a matter of making a report and then letting the matter drop.

Mr. Knowles: All some of them can do is make a retort.

Mr. Martin: That is as far as you can go with a peashooter.

Mr. Fulton: Some of the suggestions advanced are deserving of serious consideration, though I believe we should get back to a closer study of clause 221. In saying that I do not wish to be critical of what was said before. I say that because I believe it can be related very strictly to the problem now before us.

I wish to refer to the discussion which has arisen out of the suggestion made by the hon. member for Digby-Annapolis-Kings and me, namely that it is a mistake to increase the maximum penalty under clause 221 to five years when before, under the same section, it was two years.

What I have to say here follows very closely what was said by the hon. member for London, or at least what was inherent in his remarks, namely that here we are dealing with the subject of criminal negligence. We are dealing with a subject concerning dangerous objects, in other words motor cars on highways; yet at the same time we are dealing with it under the Criminal Code. What we are trying to deal with under the Criminal Code in this instance is something which is not essentially criminal, something which is not essentially a crime. It is a perfectly legal thing to drive a motor vehicle on the highway and, as has been said, before there can be any conviction there has to be proven an element of intent or *mens rea*. Yet by the introduction both in the present draft bill and in the previous bill of an element of negligence, we eliminate to a large extent the element of intent. You are making a crime of that which a person did not intend to do. You are making him guilty of a crime simply because he was careless.

I am not questioning the right of parliament to do that. That right has been established. But the fact is that you are making a crime out of something or continuing as a crime something which does not necessarily involve the element of intent. I would therefore suggest, particularly in regard to the subject matter now under discussion, that by this negligence arising out of the use of motor vehicles you are creating what I might call a quasi-criminal offence for which the proper punishment may be not so much purely criminal, that is a jail sentence, as it may be punishment of what I might call a quasi-civil nature, namely prohibition of the right to drive.

I therefore go right back to clause 221, where I question the advisability of making the maximum penalty five years. I would suggest that the maximum penalty be continued as before at two years and then later, when we come to clause 225, that we greatly increase the prohibition on driving which a magistrate may impose. Possibly under clause 225 (a) if the offence is one which upon conviction could result in a sentence of life, it should be provided that the prohibition against driving should be for not less than 10 years. If it is under clause 225 (b) for an offence which would not result in a sentence for life, the prohibition against driving should be a maximum of 10 years. In other words you relate your penalty more closely to the civil element of the offence, and you diminish the criminal element of the penalty because the offence is not so much a criminal offence as it is quasi-criminal or indeed quasi-civil.

I hope I have not become too technical. I believe the minister follows my reasoning. I do not want to move this—I do not think the minister agrees with me necessarily, but I hope he follows my reasoning—

Mr. Garson: I follow your reasoning, but I disagree.

Mr. Fulton: It is all right if the minister does not agree with it. We are entitled to have a difference of opinion in this house. But I venture to suggest that in the light of everything that has been said here the general consensus of opinion, at least on the part of those who have spoken, is that this is not purely a criminal matter. Indeed one might frequently have raised points of order and said, "Why are you discussing this matter under the Criminal Code?"

As I see it the fact is, of course, that we are dealing in the Criminal Code with a matter which is not essentially a criminal offence. As the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) has pointed out, these men did not intend to do what they did, and they will deny until their dying day that they were responsible in a criminal sense. Yet we have felt it proper to deal with the act which was done under the Criminal Code which, by and large, involves the element of intent.

I do not think I need to say anything more in order to explain my meaning. The minister perhaps will not agree with me but I hope that, even if it is not done now, within a measurable period of time the penalties with respect to the prohibition of the right to drive will be increased; and at the same time I think it would follow that as to the strictly criminal punishment, the length of the prison sentence might be reduced. Otherwise you probably will not get a jury to convict.

Mr. Garson: I think my hon. friend, in the course of his remarks—as did the hon. member for Digby-Annapolis-Kings — dealt with the nub of this matter. The real question here is whether this kind of negligence that we are discussing in this section is criminal negligence. That is the point. As I indicated previously in this new code the commissioners have deliberately left out lesser motor vehicle offences as coming more appropriately under provincial legislation, which I take it would be in accord with the views of both of my hon. friends.

Is this which we are discussing criminal negligence? I do not think a better answer to that question can be found than in a brief quotation, which perhaps I might put on the record, from the report of the royal commission on the Criminal Code itself. This is what it says:

Mr. Fulton: What page?

Mr. Garson: This is page 12.

> The definition of criminal negligence in clause 191 is in accord with the judicial authorities which state that wanton or reckless misconduct is required to support a charge involving criminal negligence.

In other words, before the negligence that is in question in a prosecution can be shown to be criminal negligence, the crown must prove wanton or reckless conduct. They quote there as authority Rex *v.* Bateman, 94 L.J.K.B., 791; Andrews *v.* Director of Public Prosecutions, 106 L.J.K.B., 37; Rex *v.* Greisman, 59 L.R., 151 and 46 Canadian Criminal Cases, 179; Rex *v.* Baker, (1929) Supreme Court Reports, 354. Then the report goes on to say:

> In Rex *v.* Bateman supra, Lord Hewart stated that to support an indictment for manslaughter based on criminal negligence the prosecution must prove the matters necessary to establish civil liability (except pecuniary loss) and in addition—

That is the point.

> —must satisfy the court that the negligence alleged "went beyond a mere matter of compensation and showed such disregard for the lives and safety of others as to amount to a crime against the state and conduct deserving of punishment".

That is the point of this clause. What we are defining is criminal negligence; and we are providing punishment for that criminal negligence. I agree with everything that has been so well said by the Leader of the Opposition, the hon. member for London—

Mr. Nowlan: The hon. member for Digby-Annapolis-Kings?

Mr. Garson: Yes, by the hon. member for Digby-Annapolis-Kings, the hon. member for Kamloops and the hon. member for Oxford.

Mr. Nowlan: The minister left out the hon. member for Winnipeg North Centre.

Mr. Garson: Yes, and the hon. member for Winnipeg North Centre who was pre-eminent.

Mr. Knowles: Don't forget the Minister of National Health and Welfare.

Mr. Garson: I agree with them when they say that the place to prevent this death on the highways is in the licensing and in provincial legislation such as that to which my friend the hon. member for Winnipeg North Centre properly referred in the province of Manitoba where, under that legislation, they have cancelled the licences of thousands of drivers because they showed, by their conduct, that they were not fit to have a licence. But the licensing of motor cars is a matter of property and civil rights which comes under provincial jurisdiction. The licensing of drivers likewise comes under provincial jurisdiction. The rules of the road are under provincial jurisdiction. The policing of the

roads, even when it is done by the Royal Canadian Mounted Police under contract with the various provinces, is under the direction of the provincial authorities. We here are powerless to accomplish anything in that particular field of the prevention of highway accidents. The only thing in this connection that is under our jurisdiction is the criminal law and, as a result of the recent privy council judgment, the question of interprovincial or international traffic but not intraprovincial traffic.

The great bulk of the traffic we are now discussing as the source of traffic accidents and deaths takes place wholly within the confines of one province. These things being so, we have to confine our contribution to the stamping out of death upon the highways to those matters which come under our jurisdiction. To that end the royal commission has recommended, and I think very wisely, that we should undertake to state, as we do in the section under discussion, that where the negligence of a motor car driver is of such a serious character as to be a crime against the state, we should so designate it and should so penalize for it.

We have so designated it, and we have provided a maximum penalty of five years. Surely a maximum penalty of five years is not too much where, as a result of gross negligence, one man—a motor car driver—may have crippled a fellow citizen for life. I am sure the victim would be very glad to change places with him, to have his body back whole again and serve the penalty for him. With all deference to my friend the hon. member for Digby-Annapolis-Kings—who, I admit, has had a great deal more experience in these matters than I—I do not think the jury are going to shrink from bringing in a verdict of guilty if the facts of a case are sufficiently heinous, because the judge may impose a sentence of not more than five years or maybe as little as one day, following their verdict.

I agree with much that has been said in this very constructive debate, and I want to express my appreciation for the non-partisan, fair-minded, sincerely constructive and co-operative manner in which all members have taken part in the discussion. I agree with much of what they have said; but I also emphasize that our best contribution toward a solution of the matter is that we in this house should deal now with those things which are within our power. Having done this we then can go on and do our part toward encouraging the provincial and municipal authorities to do the best they can in their spheres.

[Mr. Garson.]

Mr. Knight: Mr. Chairman, probably I know more about automobiles than I do about law, and I am not rising merely in order that I may have a chance to attach my name to the distinguished list of legal authorities given by the minister but because there is one idea arising out of my own experience that I thought I might interject.

I was very much interested in the suggestion of the hon. member for London, I believe it was, that suspension of the permit to drive is likely to be one of the best deterrents. I agree with him completely in that respect. Having said that as an introduction, I merely want to say this. I have had two or three people from my own city of Saskatoon write me after they got into difficulties through infractions of the law of the province of Saskatchewan. I could not help but notice in each case that while it was bad enough to have to pay a fine or go to jail for a week or two, the thing that concerned them particularly was the fact that the province of Saskatchewan had, in view of the offence committed, suspended their permission to drive for three months, six months, a year, or whatever it might happen to be.

I am completely in favour of the suggestion of the hon. member for Winnipeg North Centre that this matter should be discussed on the dominion-provincial level. I am well aware that licensing lies within the jurisdiction of the provinces, and perhaps it should be discussed at a dominion-provincial conference such as the hon. member proposed. Perhaps it might be discussed at the conference suggested by the Minister of Transport. If it could be discussed the provinces might be able to get together on their ideas with respect to the matter and reach some degree of uniformity, which I think would be an excellent thing from the point of view of licence suspension acting as a deterrent to this criminal negligence.

While most of us drive cars at least partly for pleasure, some of the people who get into trouble make their living by driving trucks, small delivery vans or whatever it may be. The letters I received from constituents of mine who had gotten into trouble were from people of that type. They said that the $40 or $50 fine was not so bad, but the point was that they made their living with the vehicle. These people of course ignore the fact that such vehicles can be driven at 70 miles an hour down a road and, weighing a couple of tons, attain a momentum of I know not what. They ignore the fact that in their hands these vehicles can be dangerous and lethal

weapons. I think there is merit in the idea of the suspension of licences, and if some uniformity among the provinces as to what should be done in that regard could be achieved I think it might help to meet the situation.

Mr. Garson: May I make one point. We will shortly come to clause 225, and the hon. member for Saskatoon will see that there we ourselves are taking the power to prohibit a convicted person from driving. That provision will be uniform in effect across Canada.

Mr. Argue: Like the hon. member for Saskatoon, I know far more about automobiles than I do about criminal law. I would not need to know much about automobiles to know more than I do about criminal law, because my knowledge of criminal law is just about zero. It seems to me that even though section 221 may represent the best draftsmanship possible, even though it may be the best that can come out of the discussion tonight, there is nothing in the section that will do much to prevent accidents. As the hon. member for Winnipeg North Centre has said, we should not think that the passing of this section will meet the problem completely.

I have noticed, as have other hon. members, that the federal government is now to have jurisdiction over interprovincial automobile and truck traffic. I have one suggestion to make to the minister if he should attend a dominion-provincial conference on the control of automobile and truck traffic in the interprovincial sphere. In my opinion one thing that would do more to reduce accidents than anything else would be to exercise some control over the horsepower of engines installed in modern automobiles. Automobile manufacturers are making bigger and more powerful cars all the time. You can buy a car now that is—

The Chairman: Order. The hon. member must recognize that we are discussing clause 221 and not something having to do with governors on automobiles.

Mr. Argue: I have been sitting here for some time, and I have listened to others discussing what the minister might do as a result of the judicial decision respecting the control of interprovincial highway traffic. I had pretty nearly completed my comment in any event. I believe it is something that the minister might well consider, because it is my opinion that if you put an ordinary human being in one of our very powerful modern cars he is going to try out the automobile irrespective of section 221 of the Criminal Code.

Mr. Nowlan: As I intimated earlier, before the clause carries I have two questions to ask and a general comment to make about subsection 2. Before I leave the lofty plane on which we have been travelling for the last hour and for an hour before dinner, I must say, with all respect, that I am not too impressed by the minister's statement that after all this is a matter of provincial jurisdiction. Just to show you how long, unfortunately, I have been practising law, may I say that I can well remember that one time I was defending a man for driving while intoxicated. He was charged under the Nova Scotia statute. At that time he came under the law of the province of Nova Scotia, but during the period between the time the information was laid and the time he came up for his trial the parliament of Canada decided that it constituted a crime, and made it a section of the Criminal Code. I appeared before the magistrate on that benign morning, pointed out the section of the Criminal Code and got an acquittal under the Nova Scotia statute.

That is how the wheels turn throughout the years and, as I say, it is an admission of more years gone by than I should like to admit. But if that can be done with respect to a prosecution for driving while drunk, some of these other matters which the minister has quite properly said come within provincial jurisdiction can by a declaration of this parliament be transferred, as was the charge of driving while intoxicated, and come within the scope of this volume of law which we have before us tonight.

Having said that, I want to refer to one or two matters of a very mundane nature. The first subsection refers to "every one who is criminally negligent in the operation of a motor vehicle." There is no definition of "motor vehicle". I am wondering whether there may be judicial decisions on this point. I am not certain. I am thinking, for instance, of a farmer driving a tractor, and of various other vehicles operated on the roads. Will they come within the scope of that provision?

Mr. Garson: If my hon. friend will look at clause 2, subsection 25, page 4, he will see that it reads:

> "Motor vehicle" means a vehicle that is drawn, propelled or driven by any means other than by muscular power, but does not include a vehicle of a railway that operates on rails.

Mr. Fulton: Are horses muscular?

Mr. Garson: Yes.

Mr. Knowles: Do you mean the ones that were in the army?

Mr. Nowlan: Turning to subsection 2, again I want to say what has been said by others. Here again we get an increase in the penalty, which has been stepped up from the old section. To illustrate how rapidly the penalty has been increased, I may say that I have in front of me the 1938 edition of Crankshaw which shows the penalty as 30 days. After that the penalty was increased to six months, and now it has been increased to two years.

I quite realize that a reading of that clause, covering one who runs away to avoid this, that and the other thing, indicates it is a very formidable-sounding charge. Actually one finds from experience that in 999 out of 1,000 cases—perhaps that is too many, but certainly in 990 out of 1,000—the man has temporarily lost his head; he is scared, and he acts on an impulse. He is technically guilty of an offence under this clause. If anything of a serious criminal nature has occurred he can be convicted under one of these other clauses with which we are dealing. I doubt very much if it is necessary to increase the penalty under this clause. It seems to me this is a catch-all provision, that if you fail to convict him on some other offence then you convict him under this clause and you can still give him a fairly stiff sentence.

Actually, as anyone who has had experience in defending these cases knows, in most cases if he had remained at the scene there would have been an acquittal anyway because there would not be any suggestion of criminal intent. It is the fact of his running away which probably results in a conviction. With all respect to the Minister of Justice, who this afternoon read this very formidable list of members of this commission, and who says these men are without fault and are the perfect men—

An hon. Member: Carried.

Mr. Nowlan: It is not carried, and it will not be carried for some time if someone keeps interrupting.

As I say we were discussing the matter of the commission this afternoon, and the Minister of Justice read the names of the members. We have great respect for them, but I still say many of those gentlemen have not had much experience in either prosecuting or defending—some of them have prosecuted—for a good many years. Without becoming at all critical of them I say—I have said this privately and I will say it in connection with other clauses—there is a prosecution complex in connection with many of these clauses where the sentences, it seems to me, have been automatically increased without justification. I want to express my protest against that.

There is one other minor question, but still a rather important one, I think. In subclause 2, Mr. Chairman, there is reference to accidents involving a person, horse or vehicle. I wonder why you have the horse in that provision. Apparently it is not an offence to have a collision with a cow. Certainly I realize that is the phraseology from the old section. I know of cases containing judicial comments as to why it is there.

The Minister of Justice referred to these commissioners, and took credit for all the work they had done. I am suggesting that possibly they would have been wise if they had omitted the reference to the horse, because the words "person or vehicle" would be wide enough. As the minister knows, it very often happens that a horse breaks out of a field and runs down a road alone. Why should it be an offence to strike that horse, and not an offence to strike any other animal? I think the phraseology is bad, and some attention should be given to it.

Mr. Garson: I believe I should give some attention to the two points raised by my hon. friend. So far as the penalty is concerned, he will see it is only where the charge is considered by the crown prosecutor to be sufficiently serious that he proceeds by way of indictment that it takes the penalty of two years. My hon. friend is quite right that in the great majority of cases, it is a minor offence. In such cases the crown proceeds by way of summary conviction and, as I recall it, a summary conviction takes a penalty of six months or $500; which is the maximum for a summary conviction.

With reference to the inclusion of the word "horse", my hon. friend is quite right in saying that is the language which was taken from the old section. The reason for its inclusion may be that the phrase has been judicially interpreted, and it was thought desirable to retain it. I would prefer to be cautious and leave it the way it is.

Mr. Fulton: The minister is not quite right, with respect, in saying the wording has been taken as a whole from the other section.

Mr. Garson: The word "horse" has been.

Mr. Fulton: The old section related to a horse in charge of a person, not just an accident involving a horse. The horse or vehicle had to be in charge of a person before the

offence of rushing away without stopping and reporting the accident became a criminal offence. As the hon. member for Digby-Annapolis-Kings points out, if you run into a horse or a vehicle or an empty car, you now come within the provisions of the proposed section. Under the old section the horse had to be in charge of a person.

Mr. Nowlan: I think there is an anomaly here that should be looked at.

Mr. Garson: If my hon. friend would look up the proceedings he would see that the very point he is raising was discussed at great length in the committee of the other place and in the House of Commons committee, and after this discussion they decided to keep it as it is.

Mr. Fulton: Why?

Mr. Bell: Why was the joy-riding section, I think it was section 285 (3), taken out of here? I appreciate that it comes in later under car theft, but I wondered why it was not left in here where it was a so-called lesser offence. Is it the intention of the provincial legislatures to cover that?

Mr. Garson: If my hon. friend will make a note of his question, could we consider it when we come to the other clause?

Clause agreed to.

On clause 222—*Driving while intoxicated.*

Mr. Nesbitt: There are one or two brief observations I should like to make. It has been the custom in the past, as most hon. members are aware, if a person is found in an intoxicated condition in a motor vehicle, even if it is motionless on the side of the road, to convict that person under this section. It has always seemed rather peculiar to me that a person who has obviously been drinking but feels incapable of taking charge of the car and has pulled off to the side of the road, should be punished for having removed himself from the road when he was obviously a menace. It does not seem reasonable to me. I cannot help but feel there ought to be some change in this section to take care of such a situation. I know of two people in my own constituency who, within the last four months, removed their car from the road knowing they were in no condition to drive it, yet received a sentence of seven days upon being convicted of this offence.

Another thing I should like to mention is the difference between the alcoholic and the ordinary, to coin a phrase, Saturday night drunk. There is quite a difference between the two, because the alcoholic is a sick person and seven days in jail is not going to keep him from continuing to drink and drive. I think the punishment in this section is quite suitable for the ordinary Saturday night drunk or the person who is drunk after a party, although the penalties might even be increased a little. I believe there is a difference when we are dealing with alcoholics.

Would the minister take into consideration, either on this clause or at some other point in the Criminal Code, the possibility of some alteration which would give a magistrate discretion, where it is shown that a person is an alcoholic, to send such person to some type of institution? I do not like to refer to it as punishment, because it is not punishment I have in mind. I should think that such person might be sent to an institution for some period of time to take treatment. If he would not go, then the penalty set out in clause 222 could be imposed. This might be worth consideration, because it would draw a distinction between the ordinary party drunk and the type of person who might be considered an alcoholic.

Mr. Knight: Before the minister answers I should like to place before him a situation which I believe causes greater injustice than the one described by the hon. member who has just taken his seat. The presumption would be that if a man was out driving on the road, felt too intoxicated to carry on and pulled in to the side of the road, the crown would not have much difficulty in proving that he had been driving and had been in an intoxicated state.

But, if that is an injustice, then I know of one that is much greater. I know of a case which happened not long ago where a man came to town, went to a dance, had two or three drinks and decided he would not drive home while intoxicated or, in the words of clause 223, "while his ability to drive a motor vehicle was impaired by alcohol". One of the other fellows with him said, "Oh, come on home". He said, "No, I am not going to drive. I might get picked up. I am not going home at all". The other man said, "What are you going to do?" He said, "I am going to stay in town until I am sober". The unfortunate part of it was that he had spent his money and could not afford a hotel bed. The other chap said, "Where are you going to sleep?" He said, "I am going to sleep in my car". So he foolishly climbed into the front seat of his car and went to sleep. He refused to go home. He did not leave town at all—did not even commence his journey. The police came along about three or four o'clock in the morning, wakened him up and laid a charge against him, I presume under this

clause, for being in charge of an automobile, even though it was not in motion. I think this has some bearing on my hon. friend's case.

While I am on my feet I should like to make one other remark, and that is that the difference between clauses 222 and 223 is that in one case the person is intoxicated while in the other he is driving his car while his ability is impaired. I suggest that he is still intoxicated; and I do not see any particular difference between being intoxicated and being in a condition where your ability to drive is impaired.

Some hon. Members: Oh, oh.

Mr. Knight: My legal friends have had their turn, and now a mere layman is going to have his inning. I have been reading in the newspapers about blood tests, breath tests, and tests of different varieties—whether they can write their names, whether they can say "three grey geese"—and perhaps my inability to say that clearly may indicate my inability to drive a car, or that my ability is impaired. The point I wish to make is that—

The Chairman: The hon. member appears to be discussing the clause dealing with impaired driving which, I believe, is clause 223. I was wondering whether it might be the wish of the committee to discuss those two clauses together.

Mr. Knight: If my argument follows, that the terms are synonymous, then I am discussing clause 222, which refers to driving while intoxicated; and I shall stick to that.

Mr. MacInnis: Would there be any objection to discussing the two clauses at the same time?

Mr. Garson: The chairman has made an excellent suggestion, that they are two branches of one matter, and I think we might very well discuss them together.

Mr. Hahn: Clause 224 deals with the same matter, and I would hope that it might be included also.

Mr. Knight: I have no objection to adding clause 224, so long as I am allowed to speak.

The Chairman: Then is it agreed that we discuss clauses 222, 223 and 224 at the same time?

Some hon. Members: Agreed.

Mr. Fulton: I was going to suggest that we go back to clause 221 and allow it to stand.

Mr. Garson: I thought it was passed.

Mr. Fulton: I find I do not quite agree with the minister's statement, because I have checked with my colleagues who served on the House of Commons committee and neither of them recalls a discussion of the question to which we referred. Unfortunately there is no transcript of proceedings; therefore it is impossible to say definitely. Would there be any objection to letting clause 221 (2) stand?

The Chairman: But clause 221 is carried.

Mr. Fulton: I am making this request. The minister made a statement when we were discussing clause 221 (2) to the effect that it was discussed fully in the Senate subcommittee and in the special committee of the House of Commons. I was not able to engage in a discussion of the point because, as I say, there is no transcript of proceedings of the House of Commons committee. However, I checked immediately with my colleagues who were on the committee last year and, without wishing to enter into any controversy, they simply say they cannot recall any such discussion.

All I am asking is that under the circumstances clause 221 (2) be allowed to stand—not the whole clause—because I have some observations which I think are important.

Mr. Knight: May I ask for guidance? Am I in order in speaking?

The Chairman: I am entirely in the hands of the committee. I must remind hon. members, however, that I cannot allow them to revert to clause 221 without unanimous consent, because it has been carried.

Mr. Knight: I am asking, Mr. Chairman, if I am in order in discussing clause 222; that is all I want to know.

The Chairman: I understand the committee has agreed to discuss clauses 222, 223 and 224 at this time.

Mr. Knowles: May I ask whether there was any objection when the request was made by the hon. member for Kamloops that clause 221 be considered carried so far as subclauses 1 and 3 are concerned, but that subclause 2 be not regarded as carried?

The Chairman: Has the hon. member for Kamloops leave to revert to clause 221 (2)?

Mr. Knowles: And have it stand.

The Chairman: Is it agreed?

Mr. Fulton: And I would ask that that subclause stand, if there is no objection.

Mr. Garson: I have no objection.

Mr. Fulton: The minister has no objection.

Mr. Knight: Mr. Chairman, I had only one other thing to say, before I was interrupted.

I wanted to talk about the word "intoxicated" in clause 222. I was saying that I am very hazy as to the definition of that word. I am convinced, however, that a great many of the accidents, and perhaps most of the fatal accidents, are attributable to indulgence in alcohol. I am not for the moment criticizing drinking; but I am going to say this, that if a man is going to drive a car he should not drink at all. I would go so far as to say that he should not have even a single drink. And I think that if we go farther with higher speeds on the road, and better roads and more powerful automobiles, we are going to reach a state of affairs where it will have to be made a criminal offence for a man to drive a motor car if it can be proved that he has indulged at all in alcoholic drinks.

In other words, so far as I am concerned, to save lives I should like to see it made a criminal offence if a man steps into a car and takes charge of it, if it can be proved that he has had even a single drink. It is not a case of being a teetotaller, and I am not now discussing that particular phase of morality, whether you should drink or should not. But I do say that when it is so difficult to prove the state of intoxication of a person after an accident has happened, because there may be an element of shock which is often mistaken for the effects of alcohol, it seems to me that we will get to the point, and it will not be very long, when we will have to decide that a man should not be allowed to drive a car at all if he has had a single drink.

Speaking for myself, if I had to drive two or three hundred miles I would not drink a single glass of beer, because I know perfectly well it is not a good thing to do. It is not safe for me and it is not safe for the people I meet on the road. I wonder if the minister would mind commenting on the case of the man who is wise enough not to go home or even to start to go home because he feels he is not capable of doing so.

Mr. Garson: We are dealing in this instance with what has been referred to as death on the highway, and serious injury on the highway. It is a rather harsh and painful subject for many people and this notion that we can try to stamp it out without hurting anybody's feelings is a mistaken one.

If a man is intoxicated and has the good sense at that particular stage of his intoxication to pull off to the side of the road and go to sleep or stay there in a sort of stupor, there is no guarantee that later on, when his intoxication wears off a little bit, he will not switch on the ignition and start to drive his car.

There is difference of opinion as to what is intoxication and there is some variation in the interpretation of this word by the courts. Several cases have held, and I think quite rightly, that if a man is drunk in his car at the side of the road he should be charged and convicted under the section. If you do not impose that hardship upon him you are going to provide a wide-open defence for every person who has still enough sense to be quiet when the police come along. He will simply say, "I have been sitting here not doing anything at all", and he will get off. If you are going to prohibit driving while intoxicated, in my judgment you have to go the whole way. It is much better to have that injustice, if you like, than to have some person crippled.

Mr. MacInnis: I think the minister has made a very good case for the enforcement of the law when a person is found in a car on the highway, whether the car is in motion or not. Besides what the minister has said, I think it is putting a tremendous responsibility on the police officer if when he is going to arrest a man he has to take the responsibility of saying not only that he is drunk but that he may not drive his car while he is drunk.

We discussed this in committee, and I cannot see that a case can be made out for not invoking the law against a person found in charge of a car, whether the car is or is not in motion. As the minister says, there is no telling when he is going to turn the key and start off.

Mr. Cardiff: Suppose he had given the key to somebody, or somebody had taken it from him and he was left there to sleep; what about that?

Mr. Garson: I think perhaps in that case he could prove that he was not in control of the car within the meaning of the section and would be able to establish a defence, although as a matter of legislative policy I wonder even in that case whether it is not better that the prohibition should be an outright prohibition of an intoxicated man being in a car. In this death and maiming on the highway we are dealing with something we should not trifle with; and in my judgment it is better to make the prohibition outright. You will find that in those provincial jurisdictions where there is a strong enforcement of this law there are lower accident and insurance rates.

Mr. Cardiff: It may be rather difficult to handle a man in that condition. He may be in a mood where you cannot take him out

of his car or do anything with him. You want to protect him, so you take his key from him and leave him in the car. Then the police come along and pick him up after you have tried to make him safe. It does not seem exactly right that he should be fined for not doing anything with the car.

Mr. Lusby: With regard to that situation, in my own province it is generally considered that if the car cannot be started, it is not an automobile. There are a series of cases which hold that a disabled car or one that cannot be started is not considered to be an automobile within the meaning of the section.

However, the point I wished to speak on more particularly was the one touched upon by an earlier speaker, that is the question of intention with regard to care or control. I was under the impression that there was a difference of opinion in the courts of the different provinces about whether the intention to drive was a necessary element. I know it has been decided in Nova Scotia in Rex v. Crowe that no intention was necessary. That was a case in which the man was so drunk that he could form no intention whatever. He was found in his car hopelessly drunk.

I was under the impression, which may not be correct, that in some of the other provinces it has been held that it is necessary to show that the man had the intention to drive. I suggest that it would be most desirable that there be no such conflict. The wording of clauses 222 and 223 should make it perfectly clear whether the intention of driving is a necessary element in the charge of care or control.

I have heard it said that clause 224(2), which was an amendment passed I think in 1951, indicated that parliament intended that it must be proved when not presumed that the man had the intention of driving. If that is so, it is a very weak and uncertain way of indicating it. If there is any uncertainty, and I think there is, then I submit that the wording of the section should be changed to make it absolutely certain whether the intention of driving is a necessary element. I am not so much concerned with whether it should or should not be made an element—I think the Minister of Justice considers that the intention of driving should not be a necessary element—but I do suggest that the section should remove any such uncertainty.

Mr. Winch: I am interested in the discussion which is taking place, but before making any comments I should like to ask whether we are dealing only with clause 222 or with clauses 223 and 224?

[Mr. Cardiff.]

The Chairman: I understood that the committee had agreed to discuss clauses 222, 223 and 224 at this time.

Mr. Winch: As I said, I am very interested in this discussion. As a general rule I find that I can go along with the explanations of the Minister of Justice, but this is one time when I certainly cannot go along with his explanation and his thinking. It may be somewhat repetitious, but I wanted to go over it again.

There is one point I should like to make. A man or woman goes into a club or some place where drinks are served. He or she has perhaps one too many and heads for home. If he or she is picked up on the way home, that is just their bad luck under the law. But if he has enough sense left to realize that he is not capable of driving and pulls to the side of the road or a parking place, according to the statement made by the minister he can be charged, and he said he should be charged, because of the fact that he may, while still under the influence of liquor, start driving.

Now, Mr. Chairman, I would like to deal with this matter. Since when did we in the Dominion of Canada give the police authority to arrest someone under the Criminal Code because they think that person may break the law? It seems to me an extraordinary supposition that a person who has done the right thing should be arrested because in the minutes or perhaps the hour ahead he might do something wrong. To my mind that is an absurd interpretation of the meaning of justice, and there can be no justification for the arrest of a man simply because the policeman thinks he might break the law. I believe a man or a woman who does the right thing in that manner should have a medal instead of being condemned and indicted, because even with befuddled brains they did do the right thing, pulled to one side and stopped.

The minister referred to a later clause relating to a person being in a position to drive. If a person happens to go to sleep in the driver's seat it appears he is then in control of that car, although it is at a standstill. But I honestly cannot understand the Minister of Justice putting forward that kind of proposition. I can understand the provision in clause 222 under which a person can be charged if the vehicle is stationary, because it is conceivable that they might stop in the middle of the street to the danger of the general public simply because of the manner in which they were stopped; but surely if drivers pull to the side and park because

they realize they are not in a fit condition to drive, then that should be recognized under some provision in this code, and they should not be considered guilty because they might drive a car afterward and still be under the influence of liquor.

I would like the minister to think that over. However, as the chairman has said, we are discussing three clauses. In this regard I would like the Minister of Justice to consider clause 224 (3) which deals with the chemical analysis of a sample of blood, urine, breath or other bodily substance which may be admitted in evidence. Subsection 3 of clause 224 reads as follows:

> In any proceedings under section 222 or 223, the result of a chemical analysis of a sample of the blood, urine, breath or other bodily substance of a person may be admitted in evidence on the issue whether that person was intoxicated or under the influence of a narcotic drug, or whether his ability to drive was impaired by alcohol or a drug, notwithstanding that he was not, before he gave the sample, warned that he need not give the sample or that the results of the analysis of the sample might be used in evidence.

Now, Mr. Chairman, this is the point I would like to draw to the attention of the Minister of Justice. Under this clause, whether a person is warned or not, if the sample is taken upon his being charged it can be introduced in evidence and undoubtedly on being introduced in evidence it will have some influence on the magistrate, judge or perhaps the jury, depending on the procedure under which he is being tried.

The point I am particularly concerned with at this moment is the fact that under subsection 3 of clause 224 there is the right to take a sample of the breath. That sample is taken and it is chemically analysed. But there is nothing whatsoever in this subsection which states that the instrument used in the chemical analysis of the breath must be an approved instrument or machine. The reason I raise this, Mr. Chairman, is that there are, as far as I know, somewhere in the neighbourhood of 12 such machines on the market at the present time, but only three of them are recognized as being fairly accurate. The first is known as an intoximeter, the second is the drunkometer and the third is the alcometer. Tests with these machines are admitted as evidence in, I believe, 17 states in the United States. In spite of that there is nothing in this subsection which states that an approved machine must be used in analysing a sample of the breath.

I wonder if the reason for that omission is that subsection 3 of clause 224 is only a permissive clause, and that ancillary legislation will be required by provincial legislatures or city councils or municipalities. An hon. member beside me says "No" and I hear "No" from other hon. members; it would therefore appear that this is the law. If that is so, then it would appear that as the law reads any chemical test without the use of approved machines can be submitted as evidence as to whether a person is inebriated, or as to the percentage of alcohol in his breath. That is the way I read it, and I believe it is an important point which should be cleared up.

An hon. member beside me says that it depends on the nature of the test, but I am not referring to a test of the urine or the blood. I am referring to a test of the breath. My hon. friend says that the same rule applies, but where has there been a rule established as to the correctness of that medical evidence? That brings me back to my point that there are 12 machines on which the breath can be tested, but only three are recognized in the United States. Have I made my point clear?

Mr. Garson: Yes, quite clear. At the time this legislation was introduced we in the justice department called in some scientists of the University of Toronto to assist us in devising a method of dealing with such matters. There were then two courses of action which might have been followed. One would have been to do as has been done in some European countries; that is, to provide for the taking of blood or other tests by specified and approved apparatus under strict control at all stages by competent technicians, and then use these tests, without any further evidence of intoxication at all, as conclusive evidence of intoxication if these proper tests showed X parts of alcohol in the blood. After careful consideration we came to the conclusion that if this method were to be adopted at all then we thought it would be more consonant with British justice that the burden of proving the case should continue to rest upon the crown, and that we should admit evidence from these technicians and this apparatus for what it was worth in establishing the facts which it purported to prove.

Of course, as is implied by the remarks of my friend the hon. member for Vancouver East, in a case under our legislation here the crown, after having laid the charge and undertaken to prove it by this method, would have to show that the sample of the breath was taken—or a sample of the urine or of the blood—by a certain apparatus, and would have to trace that sample from the body of the accused person to the laboratory, then have the man who had taken the sample and analysed it appear in court and testify and submit

to cross-examination as to what the analysis was. They would have to show that it had been handled from beginning to end with such care that the resulting data were accurate.

I should think that in most cases, unless they were careful and expert, using proper apparatus, they would put the case for the crown in a very weak position indeed; for defence counsel, by merely cross-examining those who had had the handling of the sample, would be able to show either that the apparatus was not on the approved list that my hon. friend for Vancouver East referred to and therefore was not reliable, or that the proper precautions were not taken in getting the sample in the first place and in caring for it from the time it was taken until the time it was analysed.

Mr. Winch: May I ask a question before the minister leaves that point?

Mr. Garson: Yes.

Mr. Winch: Would it be up to the prosecutor then to prove the qualifications of the man who had taken the test and also the approval of the machine? My third question is on the same subject. If a definite figure of 1·5 per cent or 1·537 per cent of alcohol in the blood is accepted by the Department of Justice as a state of intoxication, should it not then be in the act?

Mr. Garson: No. I thought I had made it clear that we rejected the method of X per cent or any other percentage in the blood as being conclusive evidence of intoxication. That was one of the alternatives which we could have adopted, but we rejected it. This present legislation provides for this sampling device being used as evidence for what it is worth to prove a straight question of fact of how many parts of alcohol the accused had in his blood. As I can see from his remarks my hon. friend understands that the crown would have to show that the technician who took the sample was competent. The technician would have to undergo cross-examination on how he took it; what he did with it; if it was kept at a certain temperature; if when he took it from the accused's blood he used alcohol in swabbing the skin before he injected the hypodermic needle and so on. The whole thing would then just be a simple question of fact no different in character from the evidence a policeman gives as to whether the accused could walk a straight line after he was arrested.

We thought in this way the accused's right to a fair trial would be better safeguarded than by our adopting this method of convicting him solely because he had X parts of alcohol in his blood. This was a midway position between the full reliance placed by some European countries on the alcohol content of bodily substances, and our then method of proving intoxication by police evidence of the accused's behaviour. We thought this was a happy compromise.

Mr. Winch: I do not know whether or not I used the correct term, but the minister understands what I have in mind. Is there any case law on this matter at all, on which you are basing this legislation?

Mr. Garson: Yes.

Mr. Winch: Could I have the information on it?

Mr. Garson: There is not very much, I must confess. I do not think it is going to be of much use to my hon. friend because it establishes, in the province in which it was taken, that the enactment of this subsection (4d) and subsection (4e)—that is of the present section—has not changed the law as laid down in Rex *v.* McNamara, 51 Ontario Law Reports, that evidence of a blood sample taken from the accused in custody, even without his consent, is admissible. In other words, in the province of Ontario it has been held, before this amendment was brought down in parliament here, that the blood sample could be taken and was admissible in evidence in the courts of Ontario. All this case law establishes is that the enactment of these sections has not changed what the courts, before they were enacted, had declared to be the law.

Mr. Winch: In other words there is no case law as far as your introduction of this subsection is concerned?

Mr. Garson: No, not on any of the points raised by my hon. friend. That is right.

Mr. Stick: I should like to ask a few questions of the minister, but as it is ten o'clock may I move the adjournment of the debate?

Mr. Fulton: It is not ten o'clock yet.

The Deputy Chairman: Shall I call it ten o'clock?

Mr. Fulton: How about letting clauses 222 to 225 inclusive stand?

Mr. Knowles: Clause 225 has not been called.

Mr. Garson: As far as I am concerned I have no objection to that procedure. I would bespeak the co-operation of my hon. friends when we take them up again, that we might put them through fairly expeditiously.

Mr. Winch: And may I bespeak co-operation in having the answers to the other questions?

Mr. Harkness: Do I understand that these sections will not be discussed when we come back to the Criminal Code next?

Mr. Garson: I think what the hon. member for Kamloops meant was that we should let them stand merely from this sitting until the next sitting.

Mr. Fulton: Yes.

Mr. Garson: That is right.

Mr. Knowles: Ten o'clock.

Mr. Garson: While I am on my feet I might clear up the other point raised by the hon. member for Vancouver East. I am sorry if he does not agree with my opinion as to what the legislative policy in this matter should be. As I said when I was on my feet the last time, the Canadian courts differ in their interpretations. Some of them take the position that it is not necessary, to use the terms used by the hon. member for Cumberland, to establish *mens rea* or any guilty intent. Such courts interpret these sections as an absolute prohibition of a person being intoxicated while in a motor car. Notwithstanding my hon. friend's protest, I must confess that that is the interpretation which seems to me to be the more appropriate one.

Mr. Fulton: If I am not mistaken, is that not the case in the United Kingdom where there is not a criminal code?

Mr. Garson: My hon. friend may be right in that regard. But on the other hand the courts of other provinces have held that it is necessary to prove *mens rea,* and that an accused found in a car under the circumstances named by my hon. friend, too drunk to have any criminal intent, should be acquitted.

The suggestion has been made by the hon. member for Cumberland that we should clear up this point by an amendment to this clause. With deference may I say that, unusual as my suggestion may seem to be, it might be better not to clear it up. I say that for this reason. The efficacy of legislation of this kind is directly proportionate to the efficiency with which it is enforced by provincial authorities. When we have not received requests from any of the provinces for a clearing up of this point, it may well be that the interpretation which is made by the courts of the provinces is the one that is most satisfactory to the law enforcement authorities, and under which they would prefer to carry on their work of law enforcement.

Mr. Winch: Where does the authority lie with regard to the machine or the test? Is it federal or provincial authority?

Mr. Garson: I am speaking of the other point my hon. friend raised, as to the position of an accused who has been found in a hopelessly intoxicated condition in a parked car. I think we can probably get a more effective enforcement if we leave each province with that interpretation now in effect which, from the fact that they have not made any representations to us concerning it, they seem to favour.

Mr. Winch: What is the position—

Mr. Fulton: Ten o'clock.

The Deputy Chairman: Order. I think it is generally understood that at ten o'clock clauses 222, 223 and 224 were under discussion. Shall I report progress and ask leave to sit again?

Some hon. Members: Agreed.

Clauses stand.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall continue with the Criminal Code. On Monday we shall move to go into supply and if we do attain that desirable end we shall proceed with public works after calling six departments.

Mr. Knowles: It was four the last time.

Mr. Harris: It goes up two a week.

Mr. Knowles: If you keep raising it you will never get into supply.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, February 26, 1954

The house met at 2.30 p.m.

UNITED NATIONS

VISIT OF SECRETARY GENERAL, MR. DAG HAMMARSKJOLD, TO THE HOUSE OF COMMONS

Mr. Speaker: We are all pleased and proud to note the presence in our gallery today of one who is devoting his brilliant talents, vast experience and dynamic energy to the realistic application of the high purposes and principles set forth in the United Nations charter, Mr. Dag Hammarskjold, Secretary General of the United Nations.

(Translation):

Mr. Secretary General of the United Nations Organization, we extend to you a most cordial welcome. We marvel at your splendid career as a statesman and a diplomat, which is a source of inspiration for us. We wish to assure you, in the fulfilment of your task, of our admiration, of our gratefulness and of our best wishes.

(Text):

As hon. members know, Mr. Hammarskjold was elected secretary general of the United Nations on April 7, 1953, less than a year ago. Referring to his appointment, he is reported to have said that he was advocating an active role for the secretary general. "Active", he said, "as an instrument, a catalyst, an inspirer."

Since assuming this high office he has shown not only his ability but his determination to live up to his slogan. He has won general admiration and respect for his devotion to his work, as he said himself in his inaugural speech, "of reconciliation and realistic construction",—"based on respect for the laws by which human civilization has been built."

We do extend to him the best wishes and the warmest possible welcome to the House of Commons of Canada.

DIPLOMATIC INSTRUMENTS

TABLING OF NOTE TO WASHINGTON ON CHICAGO DIVERSION

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I desire to lay on the table of the house two copies, in English and in French, of a note dated February 1, 1954, from the Canadian embassy in Washington to the Secretary of State for External Affairs dealing with the Chicago diversion.

POST OFFICE

OPERATION OF FIVE-DAY 40-HOUR WEEK— EFFECT ON LETTER CARRIERS

Hon. Alcide Cote (Postmaster General): Mr. Speaker, in view of the interest hon. members have displayed in the operation of the five-day 40-hour week as it affects letter carriers, I would like to make a statement on the matter.

The introduction of the five-day 40-hour week in the postal service in those places in Canada where it is the prevailing practice will necessitate changes and rearrangements in work schedules. In the case of postal clerks, there must be a system of rotation as mails are received and dispatched every day of the week. In the case of letter carriers, delivery is given six days a week, and after further consideration it has been decided to adopt the rotation letter carrier plan.

Because of misunderstandings that have arisen, it is evident that very few people understand either the rotation letter carrier plan or the casual help plan, both of which were considered very carefully by the department. Thus I feel I should give a concise explanation and show briefly the advantages of each plan.

Under the rotation plan, additional full-time letter carriers would be employed. So as to arrange the complete work week for the full-time help, it would be necessary to rotate the duties of the various carriers. For example, a carrier one week would work Monday, Tuesday, Wednesday, Thursday and Friday and have Saturday off. The next week he might work Monday, Tuesday, Wednesday, Thursday and Saturday and have Friday off, and so on.

The main advantages of the rotation plan are: first, the walks would be served by full-time carriers; second, it would follow normal labour practice; third, it would provide a number of additional permanent jobs; fourth, it would ensure an adequate number of employees available for duty at all times, whereas casual help might be more uncertain; fifth, it would be more simple administratively.

The casual help plan presented many problems for the administrative officers, but it offered advantages and benefits to the regular carriers.

The main advantages of the casual help plan are:

1. The regular carriers would be able to enjoy a long week end; that is they would always have Saturday and Sunday off.

2. They could, if they so desired, earn additional pay on Saturdays as casual help, provided they did so of their own free will.

3. Regular carriers and casual help carriers would not have to learn several routes.

4. It would provide an opportunity for competent persons to earn money by delivering mail on Saturdays.

The casual help plan was explained to a number of representatives of the letter carriers. They saw at that time—that is early in December—the advantages which I have already mentioned. More recently, there has been a reaction against the proposal to use casual help.

Since December some misunderstanding also seems to have arisen. For example, it has been stated:

1. That casual help would be employed at reduced rates of pay.

2. That letter carriers ordered back to work on Saturday would lose some of their pay privileges; and

3. That relief carriers would be released.

None of these statements is correct.

For any innovation to be really successful, it is desirable that it should have the wholehearted support of the employees. I mentioned earlier that we have decided to adopt the rotation letter carrier plan. This plan apparently now has the support of the employees. Arrangements are already under way to secure the additional employees who will be required to implement the five-day 40-hour week by the use of the rotation plan.

Mrs. Fairclough: Mr. Speaker, I am sure this announcement by the Postmaster General will meet with general approval. I might suggest that it is not too late for him to reconsider some of the other matters that we also suggested.

FINANCE

TABLING OF "OUTLOOK FOR PRIVATE AND PUBLIC INVESTMENT IN CANADA, 1954"

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, on behalf of the Minister of Trade and Commerce I lay on the table two copies of "Outlook for Private and Public Investment in Canada, 1954". Sufficient copies of this study are not available for distribution to members at the moment, but we hope to have them early next week. General distribution will be made at that time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 313, respecting the Dominion Fire Insurance Company.—Mr. McIlraith.

POSTAL SERVICE

ALLEGED DELAY IN MAIL DELIVERIES TO SERVICE PERSONNEL IN KOREA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Postmaster General and to ask him whether his attention has been drawn to complaints with regard to unreasonable delays in the delivery of mail to those in the armed services in Korea. Will he have that question looked into and, if possible, will he do something to speed up deliveries of mail both ways, to and from servicemen in Korea?

Hon. Alcide Cote (Postmaster General): My hon. friend was kind enough to send me notice of this question. It was the first news I had about this alleged delay. I shall be glad to inquire into the matter and to act accordingly.

CUSTOMS ACT

INQUIRY AS TO APPLICATION OF RECENT AMENDMENT TO ELECTRIC STOVES, ETC.

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Revenue. Has the Canadian electrical manufacturers association made representations to the government asking that the provisions of this session's Bill No. 29 be applied to electric stoves or any other electrical appliances in addition to refrigerators? What is the government's attitude towards such representations?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, the hon. gentleman was good enough to give me notice of his question. The answer to part 1 is that the Canadian electrical manufacturers association has not made representations to the government asking that the provisions of this session's Bill No. 29 be applied to electric stoves or any other electrical appliances in addition to refrigerators.

As to the second question—what is the government's attitude towards such representations—I can only say that if such representations are made they will be given

examination and consideration. I might state, though, that it is the duty of the department to carry out the provisions of this section of the act, the same as with any other section of the act, and it is done without prompting or request from any particular line of manufacturers.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—REPORTED ACTION OF ALBERTA GOVERNMENT

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): I should like to direct a question to the Minister of National Health and Welfare. Has the minister a report to make with regard to the reported action of the Alberta government in connection with one of the chemical plants in Edmonton?

Hon. Paul Martin (Minister of National Health and Welfare): As my hon. friend will note, there is on the order paper a question standing in the name of the hon. member for Meadow Lake (Mr. Harrison). On Monday I shall be tabling a complete reply, bringing up to date the reaction of the government of Alberta to this matter and further discoveries resulting from investigations made by our technical officers.

GRAIN

INQUIRY AS TO TABLING OF REPORT OF BOARD OF GRAIN COMMISSIONERS

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I should like to direct a question to the Minister of Trade and Commerce. Can he inform the house when we might expect the report of the board of grain commissioners from the queen's printer?

Right Hon. C. D. Howe (Minister of Trade and Commerce): All I can say is that the report is in the hands of the queen's printer and has been there for some two weeks. I will make inquiries as to when the report can be tabled.

Mr. Dinsdale: As a supplementary question may I ask whether that report, when it becomes available, will be referred to the committee on agriculture?

Mr. Howe (Port Arthur): Yes. I have already said that it would be.

DEFENCE PRODUCTION

INQUIRY AS TO DEPARTMENTAL REPORT FOR 1953

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): In regard to the printing of reports, may I ask the Minister of Defence Production when we may expect the report of the Department of Defence Production for the calendar year 1953 to become available?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, I shall make inquiries and advise at a later time.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Thursday, February 25, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose previously we were considering clauses 222, 223 and 224. Shall these clauses carry?

Mr. Fulton: Mr. Chairman, may I at this stage ask the minister, subject to the approval of the other members of the committee, whether sections 222, 223, 224 and 225 might stand. When the committee rose last night we had had considerable discussion on these sections in general. Since that time I have made inquiries amongst the members of the official opposition and can say that it is our desire to discuss these sections further at some considerable length with respect to both the social and the moral implications involved and with respect to the law itself. I have reached the conclusion, with which my colleagues here agree, that it would take us some time to complete the type of discussion we have in mind. I should therefore like to suggest to the minister—as I say, subject to the approval of the other members of the committee—that these sections 222, 223, 224 and 225 should be allowed to stand for later detailed consideration in accordance with the arrangement made when we started consideration of this bill in committee.

Mr. Garson: I have no objection to allowing the clauses to stand as suggested.

The Chairman: Clauses 222, 223, 224 and 225 stand.

Clauses 226 and 227 agreed to.

Criminal Code

On clause 228—*Duty to safeguard dangerous places.*

Mr. Nesbitt: I have a question I should like to ask the minister with respect to subsection 2. In the opinion of the minister, would that provision go so far as to include swimming pools or something of that nature?

Mr. Garson: I am reluctant to express these casual legal opinions on hypothetical cases, but I would be inclined to think that under certain circumstances it would. The gravamen of the offence is the leaving of an excavation, which a swimming pool certainly involves, in an unguarded state which may result in damage to those who stumble into it by accident. I would think that it could cover the case of a swimming pool which, my hon. friend will notice, is an excavation on land that he owns.

Mr. Nesbitt: What I have in mind is that a great many people in large and small cities and towns and elsewhere have on their property such things as fishponds, swimming pools and so on into which children may fall. I was wondering whether under such circumstances these people would be liable to criminal prosecution.

Mr. Winch: As a layman I should like to know whether "excavation" means excavation by any instrument or implement or does it refer to a natural excavation that is below the normal grade level?

Mr. Garson: I think that the term "excavation" clearly indicates the result of excavating, which is a human act applied to the land. I do not think that the word "excavation" could be applied to a natural condition.

Mr. Nesbitt: Would the minister clarify the question that I put? In his opinion does the provision cover such things as fishponds and swimming pools? There are thousands of them throughout the country, and while I am quite sure that sort of thing was not contemplated it could be covered by the wording of the section.

Mr. Garson: I think it might perhaps answer my hon. friend's question if I were to refer to a case decided under the corresponding section of the existing law. This case is Rex *v.* Eastcrest Oil Company (1945) S.C.R. 191. The note on this case in Tremeear's criminal code supplement page 85 is as follows: "section 287 (6)".

That is the analogous section in the existing code.

. . . requires that an excavation, etc., shall be fenced in such a manner as to prevent an accidental fall into it, not so that entrance is impossible.

[The Chairman.]

Then Mr. Justice Rand of the Supreme Court of Canada is reported as saying:

What is contemplated is the prevention of injury from hidden openings; the fence or guard must protect the unwary; but when the existence of the opening is made evident, the purpose of the fence or guard is accomplished. The owner must protect the trespasser on the land from a trap, but he is not called on to protect against a subsequent danger from trespassing on the guard itself raised against that trap. The duty is not to prevent the person from falling into an opening but falling in "accidentally", that is, accidental as to the existence of the thing holding the threat.

If my hon. friend applies that language to the examples he was posing a moment ago he will see that the great bulk of them would be covered by that statement of the law.

Mr. Nesbitt: I quite agree, but what I mainly had in mind was the question of small children where that judgment would not necessarily apply.

Mr. Brooks: I should like to ask the minister a question having to do with abandoned mines. Very often mining companies go on a private property, work a mine and then abandon it. Would the owner of the property have to take steps to see that no injuries occurred to people coming on the land afterwards? Whose responsibility is it?

Mr. Garson: I am sorry I was not able clearly to hear my hon. friend.

Mr. Brooks: I referred to the case of abandoned mines. Mining companies may go on private property, work a mine and then abandon it. Is it the responsibility of the private individual to see that such mines are protected so far as the public are concerned?

Mr. Garson: Yes, I would think so.

Mr. Brooks: It is quite a responsibility.

Mr. Winch: I am sorry that I have to ask so many questions at this time but I should like to be very clear about the matter. What is the meaning of the words "is under a legal duty to guard"? I ask that because subsection 2 refers to anyone who has an excavation on land which he owns. On the land where I have my home in Vancouver I have three fishpools and they are quite deep. Is there any legal responsibility involved there? I am not quite sure.

Mr. Garson: Mr. Chairman, I have to draw the line somewhere. I cannot object to being asked to interpret the bill we are considering, but the legal responsibility to which my hon. friend refers may be a legal obligation imposed upon my hon. friend or any other owner of land by the laws or provincial legislation of British Columbia. I am sure

that, standing here today, I cannot tell him what the laws of British Columbia are with relation to a matter of this kind.

The wording of this clause 228 (2) which we are discussing is:

> Every one who leaves an excavation on land that he owns or of which he has charge or supervision is under a legal duty to guard it in a manner that is adequate to prevent persons from falling in by accident and is adequate to warn them that the excavation exists.

As long as my hon. friend brings himself within that language then he remains clear of any penalty under this clause. What he has to do is to see that the protection is adequate to prevent persons from falling in by accident and is adequate to warn them that the excavation exists. It may be that the type of excavation my hon. friend has on his land is such that the mere presence of it gives that warning to people coming along. If that be so I would think that to anyone who is reasonably observant at all the presence of that pool would be adequate to warn him that the excavation which had been made to provide the pool existed.

Mr. Winch: I am up against a most difficult problem because what the minister has said drives home to me something that I have been completely unable to understand in our entire discussion of the Criminal Code. Time after time in answering questions and discussing clauses the minister has said that the matter depends upon legislation of provincial governments.

Now, perhaps the minister can gather what I am trying to get at. I find it difficult to understand why the provisions of acts of this house are dependent upon acts of the provincial legislature. This explanation was given in connection with sections 221 to 225 which the minister allowed to stand. How does one reconcile the status of an act passed here with the minister's statement that it depends on an act of the legislature?

Mr. Garson: I suggest that part of the difficulty is that my hon. friend asks as to what his legal responsibility is in relation to a fishpond on his property.

Mr. Winch: Under this act.

Mr. Garson: Only under this act? Well, under this act my hon. friend is not liable to incur a penalty providing the fishpond of which he speaks is guarded in a manner that is adequate to prevent persons from falling in by accident, and the precautions taken are adequate to warn that an excavation exists. If my hon. friend's fishpond is such as to bring him within that language and within the interpretation given by Mr. Justice Rand that I read a few minutes ago, then that clears him so far as this section is concerned.

As to whether or not he is cleared with regard to civil liability is another question entirely. When my hon. friend was speaking I was not too clear which of the two liabilities he meant. In most cases he is in greater danger, I would think, as regards civil liability than he would be under this section.

Mr. Nesbitt: There is only one other point I should like to mention. I am sorry to keep questioning about this rather trivial matter, but if we got it cleared up now it might save a great deal of time in the courts in the future. Since persons would naturally include children, it seems to me that, unless one had a great fence around the fishpond, the proper precaution as against small children would not have been taken under the wording of this section. Small children do tend to wander about the neighbourhood and might very easily fall into a fishpond and be drowned. It would seem to me that to prevent children from falling into a fishpond extreme precautions would have to be taken, such as a high wire fence, to meet the liability imposed by this section. I was wondering if that is what the section contemplates.

Mr. Winch: That is my point. I understand that this Criminal Code, being an act of the House of Commons, takes priority over any other act. Mention is made of an excavation on property which you own. There must be hundreds of thousands of properties across Canada upon which there is an excavation. I do not know how it is at most places, but I know at my place the children from the neighbourhood come there because I happen to have a property with trees, shrubs, and fishponds. As I read this section, because I have an excavation in the shape of a fishpond on my property, if any children accidentally fall into it, I am responsible because I have not given any warning or, as my hon. friend says, erected a fence. I should like to have an explanation from the minister.

Mr. Garson: I am afraid I am unable to illuminate this matter any further for my hon. friend. I have read into the record, where he can find it and at his leisure read it carefully, the very carefully considered interpretation of this particular section by one of the best judges in Canada. The section is quite clear to me. I would suggest to my hon. friend that if he reads the judgment at his leisure, as it will appear in *Hansard*, I think he will find the answer to his question.

Mr. Harkness: The question brought up by the hon. member for Royal, and the minister's answer to it, seems to indicate that the responsibility for this excavation, and the danger to trespassers or others who happen to be going over private property, is in the wrong place. As the minister knows, in Alberta and Saskatchewan most of the surface rights on the land are owned by the farmer but the mineral rights are not. A company may secure the mineral rights and put down a mine or, as in a particular case I know of, an oil company might conduct exploration work and might put down what is known as a slim hole. Last year being a wet year, water came up into the hole and a soft spot developed into which a neighbour's truck sank. It happened that there was no loss of life. However, children pass that spot going back and forth to school, and one of them could have been drowned in that hole.

The responsibility, as I understand the minister's answer, is on the owner of the land although he had no responsibility for putting down the hole or, in the case mentioned by the member for Royal, for digging the mine. A company puts down a hole, then goes off and leaves it and they have no responsibility. The sole responsibility is on the owner of the land.

Mr. Garson: I certainly do not profess to be any expert on mining law problems in Alberta. But it has been my impression, and I think perhaps it is the impression of the hon. member for Calgary North himself, that the owner of the mineral rights has to make an arrangement with the owner of the surface rights in order to use the surface rights for the purpose of realizing upon his minerals. I would imagine that the contract which is made between them, if it is properly drawn, would contain a clause protecting the owner of the surface rights by stating that after the mining operations have been concluded the surface would be restored to that condition which will not leave the owner of the surface rights open to a penalty under a clause such as this clause 228 (2). I am sure that whatever the issue may be as between the owner of the surface rights and the owner of the mineral rights, the law should not leave out of account the position of those who could fall into a trap of that sort and be seriously injured. It is the purpose of this clause 228 (3) to protect these persons. This law has been the law of Canada since the code was passed originally in 1892. In that time there does not seem to have been any great hardship developed under it.

[Mr. Garson.]

Mr. Harkness: Where the mineral rights go with the surface rights, I can see it would be entirely a matter of contract, and there would be no difficulty. Where you have a situation such as that which prevails in most of Alberta, Saskatchewan and Manitoba, where the mineral rights and surface rights do not go together, you get a different situation. As the hon. member for Kamloops says, you cannot contract out of a criminal liability. The criminal liability, under this provision, applies to the owner of the land.

Mr. Garson: I suggest to my hon. friend that while one cannot directly contract out of a criminal liability, yet if a criminal liability arises because a certain thing is not done, one can have a clause in a contract to provide for the doing of that thing. By so doing, he will get out from under that criminal liability.

Mr. Knight: A good many accidents on the prairies are due to the fact that wells, perhaps abandoned or unfinished, are left without fencing, or the fencing has deteriorated to such a degree that children or livestock can fall in. My understanding of the law is that the owner of the land is liable for the value of such livestock.

Then there is another type of accident that has become more common, where children are drowned in what are considered to be swimming holes, but which are really dugouts, many of which were dug under the auspices or the sponsorship of the Prairie Farm Rehabilitation Act administration. I am wondering what the responsibility would be of the federal government, as the owner of some of these places, in the matter of keeping them fenced, or having warning notices in regard to bathing, and that sort of thing.

Mr. Garson: I dislike repeating a careful statement I read earlier to members of the committee, but perhaps the quickest way to clear up any possible misunderstanding in connection with the clause is to repeat the language of Mr. Justice Rand. I shall do that and ask my hon. friends to take careful note of what it says. Mr. Justice Rand says, in part:

> What is contemplated is the prevention of injury from hidden openings.

That is, a child has gone swimming over a period of time in a pool that has been excavated and has been in existence for a considerable period of time. The child is not drowned because of a hidden opening, but rather because he has suffered a cramp, or may have gone beyond his depth, or could not swim, or some other such reason.

Then, continuing the quotation:

> The fence or guard must protect the unwary; but when the existence of the opening is made evident, then the purpose of the fence or guard is accomplished.

In other words if one had a gravel pit on his farm large enough for anyone to see, even at night, and people came there to swim, and if as a result of doing so someone was drowned, it could not be argued that he stumbled into the hole by accident. Under such circumstances I should think that the language used by Mr. Justice Rand, read in conjunction with the language in this clause, would indicate that there would be no criminal liability.

On the other hand, if one had a dug well, level with the surface of the ground, and a person coming along could not see it until he fell into it, I should think criminal liability under this clause could likely be established.

Mr. Ferguson: With reference to mineral rights in Alberta, if an oil company or a mining company obtained the right from the province to drill a well—and I believe that is necessary now, because they control the mineral rights—

The Chairman: Order. We are discussing a clause which deals with excavations. We are not discussing mineral rights in Alberta.

Mr. Ferguson: My question is apropos of the explanation given by the minister. You could not have an oil well without having an excavation. These are excavations. Perhaps I should not call them oil wells; I shall call them excavations. If an oil company makes an excavation and a child or an adult falls into it, the owner of the land upon which the excavation was made could be sued for damages. Could not the claimant sue the province of Alberta, jointly with the oil company, because the province has given the right to make the excavation? Would they not be jointly responsible?

Mr. Garson: Mr. Chairman, there is a limit to irrelevancy and I think in this question we have passed that limit. It seems to me the question as to whether one can sue Her Majesty in the right of the province of Alberta involves many other questions, among others the question of whether they have a petition of right act in Alberta and whether one could obtain permission to sue the provincial crown under that act. I suggest the hon. member's question has no bearing on the clause we are discussing because, as I said before, while a person may have mineral rights, my understanding is that the owner of the mineral rights has to make an arrangement with the owner of the surface rights, by contract. He must pay for the use of those surface rights, so that he can go on the surface in order to get at his minerals. In the course of doing this it is an elementary precaution for the lawyer drawing up the contract to see that there is included in it a clause stating that these holes are to be properly filled in when derricks or other apparatus are removed from the operation.

Mr. Fulton: I agree with the minister, as far as he goes; but I do not think he has dealt with the point raised by the hon. member for Calgary North. I do not know, actually, whether it can be dealt with, or whether there is a way in which the owner of the surface rights can avoid criminal liability. True, he makes a contract with the oil drilling company or the mining company which calls upon them to fence in the excavation and to put up adequate warning. The criminal liability is not going to arise unless that duty is not performed. It is a question of what happens when, admittedly in breach of contract, they fail to put up a fence and someone falls in and is injured. It looks to me as if the owner of the surface rights is the only person criminally liable. As the hon. member for Calgary North has said, he cannot contract out of that criminal liability. He cannot contract for the company to go to jail in his place; he has got to go to jail. I do not see that there is any way out of it.

There certainly is no way under the present law. The answer might be that the owner of the surface rights has to give greater supervision and see that the mining company does fulfil the contract. Has any consideration been given to the matter? Does the minister know of any case where the owner of land has been prosecuted under those circumstances, where an excavation was made by a mine?

Mr. Garson: No.

Clause agreed to.

On clause 229—*Sending or taking unseaworthy ship to sea.*

Mr. Trainor: Is there any exception on the basis of size or tonnage, or does the clause apply to any boat or vessel, irrespective of size? Would it apply even to a small motorboat, carrying only one person?

Mr. Garson: There is no limitation, provided the vessel in question comes within the reference in the clause to a Canadian ship.

Mr. Trainor: Supposing the ship is only a motorboat driven by its owner and carrying no passengers. If it is unseaworthy, is he liable to prosecution?

Mr. Garson: I would question very much whether a small boat like that would fall within the term "ship".

Clause agreed to.

On clause 230—*"Assault"*.

Mr. Bell: I should like to feel satisfied that this general clause covers two recent cases about which we have been reading in the newspapers. The first of these occurred in the United States where a southern negro was charged with an assault of some kind when he leered across a field at a white woman, a distance of two or three hundred yards. I do not know the outcome of the charge, but I do know the case received publicity.

Then, secondly, I would refer to the slasher cases in Montreal which, I presume, would come under this assault clause. I am wondering if the minister feels satisfied that in these extreme cases the clause is sufficient.

Mr. Garson: Did the hon. member say the first case was that of a negro who leered?

Mr. Bell: Yes, leered—what we do across the floor of the house sometimes.

Mr. Garson: I think this leering would not be an assault under Canadian law. If on the other hand he aimed a loaded rifle at her, it would be different. However, I should think it would be very difficult to assault someone by leering across a distance of—how far did the hon. member say?

Mr. Bell: It was quite a few yards.

Mr. Garson: I thought the hon. member said 200 yards.

Mr. Bell: It was about that distance.

Mr. Garson: Yes. In that connection would my hon. friend look at subclause (b) of this section, which reads:

> A person commits an assault when, without the consent of another person or with consent, where it is obtained by fraud, (b) he attempts or threatens, by an act or gesture, to apply force to the person of the other, if he has or causes the other to believe upon reasonable grounds that he has present ability to effect his purpose.

I do not think it would be possible by leering at a person across a distance of 200 yards to convince the other person that he had the present ability to assault her. Indeed I do not know whether leering would be an act or gesture which attempted or threatened to apply force. It might be a look of admiration.

The Chairman: Shall the clause carry?

Mr. Bell: I am wondering about the second point I brought up about the slasher in Montreal; I am wondering whether that would be covered by this clause or perhaps by one of the others.

Mr. Garson: Again, if my hon. friend will look at the clause he will find:

> A person commits an assault when . . .
> (a) he applies force intentionally to the person of the other, directly or indirectly.

The application of a razor to the body is the application of force.

Clause agreed to.

Clauses 231 and 232 agreed to.

On clause 233—*Kidnapping.*

Mr. Enfield: This clause reads:

> Every one who kidnaps a person with intent . . .

I do not see any definition of "kidnap" in the definition section of the act. Should that not be included? There is no formal definition of the word "kidnap" in this clause.

Mr. Garson: In the interpretation sections of statutes like the Criminal Code there are included definitions of terms which it is thought might be misinterpreted if they were not defined for the purpose of the act. However, the term "kidnapping" is of a reasonably precise meaning as taken from the dictionary, and I would not think it would be necessary to define its meaning in the interpretation section. When we mention the word "kidnapping" I do not think that anyone would take it to mean other than that which we all take it to mean.

Mr. Fulton: Does the minister then mean that in the case of the sale of those babies there is no room for the application of the criminal law under subclause (b) where it is mentioned:

> To cause him to be unlawfully sent or transported out of Canada against his will.

In the case of an infant you cannot get the act of consent. Does the minister not think there is room for argument that absence of consent would bring the offence within the provisions of subclause (b), particularly if the sale was unlawful by virtue of the terms of a provincial statute? Would there not then be room to argue that in addition to the contravention of the provincial statute a criminal offence is committed?

Mr. Garson: Of course, Mr. Chairman, a great difficulty, an almost insuperable difficulty in discussing the Montreal cases that are being reported in the newspapers is that it is impossible to find out with any precision from the newspaper reports what all of the facts are that are within the knowledge of the prosecutors who are laying the charges.

Mr. Fulton: I agree with you there.

Mr. Garson: The last report that I got on these cases indicated that there were three types of charges that had been laid, and none of them was kidnapping. I should not have thought that where the mother—I am not suggesting that this is a fact in the Montreal cases, because I do not know—of an illegitimate child who herself might be impoverished and did not feel that she could properly provide for it, parted with it voluntarily, that the person to whom she surrendered it would be a kidnapper because there would not be any element of taking the child away from her. She might surrender the child voluntarily, and if so it would seem to me that it might be difficult to establish any charge of kidnapping.

Mr. Fulton: I am confining it exclusively to subclause (b) on the ground that the parent has consented. The parent has apparently received payment for the transaction. Certainly the parent has consented. Therefore I agree that the only room for argument along the lines that I am suggesting is whether it has been considered as coming under subclause (b), which refers to the infant itself, by virtue of the fact that the clause will read:

> Every one who kidnaps a person with intent—
> (b) to cause him to be unlawfully sent or transported out of Canada against his will.

That appears to be pretty close to the cases that are taking place. They are transported out of Canada. It is unlawful in that it contravenes a provincial statute, and since the infant is below the age at which he can give an act of consent, it might be argued that it is against his will. I know it is hypothetical and one hesitates to ask the minister to give an opinion on hypothetical cases. I am asking him simply whether he thinks there is any room for an argument of that sort. I should like the matter to be given a little publicity through the medium of the committee here. I am asking whether he does not think that, under the wording of the new clause 233, the prosecuting officer in cases of this sort might well contemplate laying a criminal charge as well as proceeding under the terms of the provincial statute.

Mr. Garson: My understanding is that three groups of criminal charges have already been laid.

Mr. Diefenbaker: What were those charges?

Mr. Garson: They were perjury, falsification of the register and conspiracy to commit an indictable offence.

Mr. Diefenbaker: What was the indictable offence?

Mr. Garson: There was no indication as to what it was. That is the difficulty. You see, we are discussing here cases, which are sub judice and the full facts of which we do not know. That being so, as I suggested the other day in the statement that I made in the house, it seems to me that if legislation be required, we can decide upon the type of legislation that is required much more intelligently when this matter is no longer sub judice and all the facts become known, and thus we could know accurately the nature of the problem that the proposed legislation would be aimed at.

Mr. Diefenbaker: This is a very interesting point. Certainly this clause does not cover the situation, because the essence of this clause, as I see it, is the kidnapping of a person with intent to do certain things, namely, to cause him to be unlawfully sent or transported out of Canada against his will. The essence of this offence is the kidnapping. In the circumstances of the cases now before the courts, which we cannot discuss, the essence of the offence is not kidnapping. However, I should like to ask the minister whether his law officers have given any consideration to the creation of an offence to cover facts similar in nature to those that today are receiving such publicity by reason of actions before the courts at the present time. Certainly the rights over children are clearly within the jurisdiction of the provinces, and yet if this type of thing becomes general it has in it all the elements of crime. I would like to ask the minister whether there is any common law offence at the present time to cover the situation disclosed by the investigation and by the evidence which is known to him to exist in these cases, which are at present before the courts in Montreal. The minister says that the accused are charged with forgery—

Mr. Garson: Falsification.

Mr. Diefenbaker: Yes, falsification and—

The Chairman: I am sure the hon. member would not wish to pursue this line of discussion too far especially in view of the explanation which the minister already gave this afternoon and in view of his statement a few days ago. The hon. member will agree that we are discussing clause 233 and surely we should confine our discussion to strictly relevant matters appertaining to that clause.

Mr. Diefenbaker: Mr. Chairman, we are attempting to determine what set of facts this clause might be applicable to, and we were in an inquiring state of mind; for after all—

The Chairman: Might I suggest that the hon. member confine his inquiries to the clause before the committee.

Mr. Diefenbaker: But there had been no reference by you, Mr. Chairman, to the effect that this discussion was out of order, and it was only after I started discussing it and tried to find out the degree to which this clause might be applicable that Your Honour saw fit to raise the point of order. With all due deference, sir, and without in any way wishing to continue the discussion, I would like to ask the minister this. What is the nature of the conspiracy? What is the indictable offence?

The Chairman: Order. The hon. member will surely agree with me that he cannot proceed with a discussion of that kind under clause 233.

Mr. Diefenbaker: Mr. Chairman, with the greatest deference, there is no other clause under which it can be discussed and—

Mr. Garson: Mr. Chairman, on a point of order. I believe I can clear the matter up for my hon. friend to his entire satisfaction. I thought I had made it clear on four or five previous occasions that even if it were proper for us to discuss it when it is sub judice, it is extremely difficult to obtain the facts in the case. Therefore, not having the facts, it is impossible for any lawyer to say whether a certain section of the code applies to facts which he does not know.

Mr. Diefenbaker: Mr. Chairman, there is just one question I would like to ask the minister. What is the nature of the indictable offence? After all, the crown cannot simply say that a person is guilty, or charge him with conspiracy to commit an indictable offence. Is the indictable offence kidnapping or abduction?

The Chairman: We cannot discuss this matter when it is sub judice.

Mr. Diefenbaker: Mr. Chairman, I do not wish to appeal against your ruling, but—

Mr. Garson: Might I say to my hon. friend that while we have competent lawyers in Montreal watching the progress of this case for us, we have had no information as yet as to the indictable offence which is involved in that conspiracy charge.

Mr. Fulton: I suppose forgery might be.

Mr. Garson: It might be either forgery or falsification of the register.

Mr. Diefenbaker: Would falsification of the register be a criminal offence?

Mr. Garson: Oh, yes. Fourteen years is the penalty.

[Mr. Diefenbaker.]

The Chairman: Shall clause 233 carry?

Some hon. Members: Carried.

Clause agreed to.

Clauses 234 to 236 inclusive agreed to.

On clause 237—*Procuring miscarriage.*

Mr. Knowles: Mr. Chairman, I would like to ask a question with respect to clause 237. When we were on clause 209 there seemed to be some relationship between it and clause 237. However, in the case of clause 209 it was pointed out that there was protective language covering cases carried out in good faith. That protective language does not seem to appear in clause 237. On the other hand, I believe that section 303 in the present code did contain the word "unlawful". I think the minister will see the point I am getting at.

Mr. Garson: Section 303 of the present code?

Mr. Knowles: Yes. Has the minister found it?

Mr. Garson: Yes.

Mr. Knowles: What I am getting at is that under the code as it now stands there would seem to be protection for a doctor who, for example, might perform an abortion for the sake of saving the life of the mother, but that protection which was there in section 303 of the present code seems to be missing from the language of clause 237. Perhaps the minister can point it out to me if it is there.

Mr. Garson: My hon. friend might prefer to use the particular term that it is "missing" but if he will look at the existing code section 306, which is the analogue of clause 209 in Bill No. 7, he will see the saving clause, which is subsection 2 of clause 306, and he will note that we have reproduced in the new bill the substance of the enactments under both these headings in the former code.

Mr. Knowles: That is exactly the point I was getting at when I first rose, Mr. Chairman, namely that the protective wording was there in both 303 and 306 of the former code, but in the code now before us the protective language is in clause 209 but is missing from clause 237. Can the minister assure us that such protection as is required—

Mr. Garson: We are discussing two cases here. One, which is under clause 209 of the bill, is an illegal operation and the other under clause 237 is abortions. So far as the illegal operation is concerned, the existing code and the new bill contain a saving clause. In relation to abortion there is no saving clause, so that—

Mr. Knowles: Does the minister say there was not such a clause in the former code?

Mr. Garson: Has my hon. friend the present code?

Mr. Knowles: Yes.

Mr. Garson: Will he look at—

Mr. Knowles: Section 303?

Mr. Garson: Yes, and he will see there is no saving clause in the abortion section—

Mr. Knowles: Does not the word "unlawful" cover that?

Mr. Garson: I do not think so. Clause 237, subsection 1, reads:

> Every one who, with intent to procure the miscarriage of a female person, whether or not she is pregnant, uses any means for the purpose of carrying out his intention . . .

Intent is written into that clause. It is obvious that a person who intends to do that in breach of this section would certainly be liable.

Mr. Knowles: Is the minister satisfied that a doctor who performs such an operation for the purpose of saving the life of the mother is covered—

Mr. Garson: Yes, I am sure he would be because there would be no *mens rea* in a case of that sort, and in all these cases, without it being specifically mentioned in each section, it is necessary for the crown as part of its case to prove a guilty mind upon the part of the accused, whether it is so specified or not. I am sure my hon. friend would agree that it is very desirable that when that guilty mind is present, in the case of a doctor, he should be held to account criminally.

Mr. Knowles: Yes.

Mr. Garson: Most reputable doctors are very hesitant about performing an operation of this kind unless they take very careful precautions against falling into difficulties of this sort.

Mr. Knowles: Is the minister satisfied that the principle of *mens rea* covers that?

Mr. Garson: Yes.

Mr. Fulton: Who is to say whether it is justified?

Mr. Garson: Whether it is justified or not is a question of fact for the court to decide.

Mr. Trainor: With regard to clause 237, I should like to ask the minister whether he knows of any drug that may be used as a means of procuring an abortion.

Mr. Garson: I think that is a question I should be asking my hon. friend who is himself learned in the science of medicine rather than that he should be asking me. However, I do not think it is particularly material because the gravamen of the offence under clause 238 is this:

> Every one who unlawfully supplies or procures a drug or other thing knowing that it is intended to be used to procure the miscarriage of a female person, whether or not she is pregnant, is guilty of an indictable offence.

The cases indicate that even where there have been used, for the purpose of accomplishing an abortion, drugs which would not be effective for that purpose, the offence is complete under the section if the person supplies it for the purpose of procuring a miscarriage. One of the purposes of a clause of this kind is to discourage the practice of abortion.

Mr. Trainor: There is a case, I submit, Mr. Chairman, where a drug may be given and where the person concerned may know perfectly well that it will not produce an abortion but the person to whom it is given may not know that and may think that it will do so. As a consequence, the person who gives the drug merely, we will say for example, to satisfy the individual person, might still be guilty of an offence, even though he or she knew that it would not be effective but the person to whom the drug was given might think that it was going to be effective. There are cases in which doctors may do that sort of thing where they are approached and are asked for something that would have the effect of procuring an abortion. In order to satisfy the individual, they may give a perfectly innocuous drug.

Mr. Garson: I would suggest that that would be a very dangerous practice indeed for a doctor to engage in.

Clause agreed to.

Clauses 238 and 239 agreed to.

On clause 240—*Bigamy.*

Mr. Knowles: I notice that subclause 2 of clause 240 reads in part as follows:

> No person commits bigamy by going through a form of marriage if . . .
> (d) the former marriage has been declared void by a court of competent jurisdiction.

The marginal note out to the left of subparagraph (d) reads: "Annulment". Can the minister tell me what constitutes a court of competent jurisdiction under the heading of "Annulment"?

Mr. Garson: I am afraid that I could not give my hon. friend a comprehensive statement on that matter. It would be that court in the various provinces of Canada that had jurisdiction in respect of annulment. I could look that point up for my hon. friend but I could not give him the answer offhand.

Mr. Knowles: When the minister refers to a court of competent jurisdiction in any particular province, does he have in mind only a civil court or are there other kinds of courts that are recognized by this language?

Mr. Garson: It is not a case of recognition by this language. We have to interpret this language. But the court which determines these questions is a court established by the provincial authorities under the law in effect in a province.

Mr. Fulton: Perhaps the minister would deal with his own province and describe the situation there. That would probably answer the question.

Mr. Garson: I can do that very easily. In my own province it would be the court of king's bench which is the trial division of the superior court.

Mr. Knowles: It is the court of queen's bench now.

Mr. Garson: That is quite right. It would be the analogue of that court in the other provinces. In all cases the identity of that court is established by provincial law.

Mr. Knowles: I do not want to get into a question here that is too thorny or too embarrassing to anybody nearby or to anyone farther away either. What about the situation with respect to annulments that take place in provinces where they do not have a civil divorce court? Is the voiding of a marriage by the process of annulment in such provinces recognized by the code as the annulment of a marriage by a court of competent jurisdiction?

Mr. Garson: I cannot see my hon. friend's difficulty in this wording at all. It seems to me to be self-explanatory. It says this:

> No person commits bigamy by going through a form of marriage if . . .
> (d) the former marriage has been declared void by a court of competent jurisdiction.

Mr. Knowles: What is such a court?

Mr. Garson: That which is a court of competent jurisdiction is determined by the law in effect in the province concerned. If a civil court or an ecclesiastical court has jurisdiction to make such a declaration, then the only question that arises under this wording is whether it is of competent jurisdiction. The word "competent" covers it. You could not determine it in any other way because if it were not competent then the declaration of nullity would itself be void and the marriage would remain in effect.

Mr. Knowles: Does the minister know whether the court in the province of Quebec which corresponds to the court of queen's bench in our province, namely the Quebec superior court, entertains petitions for nullification of marriage?

Mr. Fulton: As distinguished from divorce.

Mr. Garson: I am afraid that I do not.

Mr. Knowles: I am sure the minister sees the difficulty that presents itself to us in connection with this matter. As the minister knows, there is no court—no civil court, at any rate—dealing with divorce in two of the provinces of the country. Yet we are informed that annulments take place in those provinces, after which there are instances of remarriage. So far as the Criminal Code is concerned, does that mean that whatever body it is in either of these provinces that annuls marriages, that body is for all practical purposes a court of competent jurisdiction?

Mr. Garson: No. I do not want my hon. friend to put words into my mouth.

Mr. Knowles: Let the minister choose his own words.

Mr. Garson: I know that he does not intend to do that. Clause 240 (2) (d) means that no person commits bigamy by going through a form of marriage either if the first marriage has been by divorce made a nullity or if the first marriage has been declared void on annulment proceedings.

Mr. Diefenbaker: A marriage could not be made a nullity by divorce.

Mr. Fulton: The marriage bond is dissolved.

Mr. Garson: My hon. friend is right, the relationship between man and wife is dissolved. The point my hon. friend is making is that in annulment proceedings a marriage is treated as null and void. That is the distinction, but in either case there is no longer a marriage. Therefore, since there is no marriage between the accused and any other person, it is not bigamy when he goes through a second form of marriage. Bigamy is the offence of going through a form of marriage when one is already married. If he is not married when he goes through the form of marriage then obviously he does not commit bigamy.

Mr. Knowles: I shall not pursue the matter, partly because I see that we are not getting anywhere. But I wonder if the minister would be good enough to make a note of this point and have someone in his department advise me, even if the information has to be sent to me in the form of a letter, whether it is federal or provincial law or the Quebec civil code that constitutes what is referred

to here as a court of competent authority for declaring void marriages that have taken place in that province.

Mr. Maltais: I might give these details to the hon. member by way of further clarification, and I may have some questions to ask. From my own experience, having only been married nine years, it would appear to me that in the province of Quebec competent jurisdiction would be that of the authorities of the religion to which one belongs. The people of Quebec do not recognize the right of courts in the province of Quebec to declare void a marriage that has been consummated legally. So far as paragraph (d) of subsection 2 is concerned, under the Catholic religion the competent authority would not declare that a marriage was void but could give a declaration to the effect that the marriage had never been consummated. That is the situation. In accordance with our old traditions we do not recognize the authority of any civil court to interfere in marriages. That is why I would say that under this clause the only competent authorities would be the ecclesiastical authorities.

Mr. Knowles: We all know that many churches do not follow the practice of dissolving marriages performed under their aegis. The United Church of Canada, for example, the one to which I belong, does not follow the practice of declaring null and void a marriage performed by a United Church clergyman, and I should like to know where is the recognition in law of the practice to which the hon. member for Charlevoix has just referred. Perhaps that is what I was asking for when I asked the minister if he would have the matter investigated. Maybe it is somewhere in the Quebec civil code.

Mr. Maltais: I still say that under the Catholic faith the authorities do not dissolve a marriage that has been consummated, and only interfere very rarely where there has been some serious mistake or misrepresentation. Our authorities would take the position that the marriage never took place, so there is no cancellation of a marriage that has taken place. When something like that happens, then under their concept our authorities just say that the marriage did not take place. They say that there was no former marriage and therefore there is no dissolution. Once you are married under the Catholic faith you are married forever, and that is why we do not want divorce in the province of Quebec.

Mr. Harkness: Are these courts of competent jurisdiction all courts within Canada or are courts outside of Canada recognized?

Mr. Garson: Any court of competent jurisdiction anywhere would be recognized. But to this I must add a warning. Divorces granted by courts of some jurisdictions which are based upon an obviously false residence of some six or eight weeks are not necessarily recognized as effective under Canadian law. But if a Canadian by a business transfer for example establishes genuine domicile in some other place, a domicile recognized under Canadian law, if he has to go there because of business or family considerations and intends to continue to live there; and having thus established a genuine domicile secures a divorce there, then that divorce will be valid. That divorce court will then be a court of competent jurisdiction, and the divorce granted by it will have the effect intended by this subsection 2(c) of clause 240. But if the accused has gone away and got a divorce upon the basis of residence which is not recognized in Canadian law the divorce would not be valid here.

Mr. Harkness: The minister has been referring to divorce generally in foreign countries, but I take it that subsection 2(d) is concerned with annulments rather than divorces. Perhaps I should have framed my question more definitely. Are any courts outside of Canada, whether ecclesiastical or otherwise, looked upon as courts of competent jurisdiction as far as annulment of marriage is concerned?

Mr. Garson: Yes, as long as they are of competent jurisdiction. In addition, so that my answer will not be misunderstood, the court not only has to be of competent jurisdiction but the proceedings taken in that court and the facts in connection with those proceedings must be such as, by the principles of private international law relating to marriage and divorce, will result in a finding by that court which will be effective in Canada in order to have the divorce recognized here.

Mr. Harkness: I am still not clear. Do I understand that if, for example, the ecclesiastical court of the archbishop of Mexico declares the marriage of two Canadian citizens is null and has never taken place that would be recognized in Canada?

Mr. Garson: I have not the faintest idea. This is a purely hypothetical question. It is quite impossible for anyone to sit here and rattle off opinions with respect to

whether a personage or a court in Peru or any other country would be a court of competent jurisdiction. Whether the civil or ecclesiastical court that grants the foreign divorce of a Canadian marriage is a court of competent jurisdiction will depend upon the laws of the other country, upon the question of domicile and other difficult points. It is a matter both of the law of that other country and the law of Canada. For example, if a Canadian man and wife go down to Reno to get a Reno divorce, it will not hold water in Canada because Canadian law does not recognize the type of domicile that is established in Reno, which is mere residence for a period of time without any intention whatever of staying there permanently.

Clause agreed to.

Clauses 241 to 246 inclusive agreed to.

On clause 247—*Newspaper.*

Mr. Fulton: Might I ask the minister, if the other members of the committee concur, if he would be kind enough to allow clauses 247 and 248 to stand? It was indicated to him that members on this side would like to make some extended remarks on defamatory libel.

Mr. Garson: That is satisfactory.

Clauses 247 and 248 stand.

Clauses 249 to 251 inclusive agreed to.

On clause 252—*Extortion by libel.*

Mr. Knowles: I should like to ask the minister to comment on clause 252 in relation to clause 291. It occurs to me that these two clauses are at least in the same field. As a matter of fact, the marginal note on clause 252 is "extortion by libel", and the marginal note opposite clause 291 is just "extortion". As I read the two separate clauses, it strikes me that the offence set out in clause 252 is every bit as serious an offence as that set out in clause 291. In fact, I can see an argument being made for the position that the offence under clause 252 is more serious than the one under clause 291. Let me read a bit of clause 252.

> Every one commits an offence who, with intent
> (a) to extort money from any person, or
> (b) to induce a person to confer upon or procure for another person an appointment or office of profit or trust, publishes or threatens to publish or offers to abstain from publishing or to prevent the publication of a defamatory libel.
> (2) Every one commits an offence who as the result of the refusal of any person to permit money to be extorted or to confer or procure an appointment or office of profit or trust, publishes or threatens to publish a defamatory libel.

Despite the fact that that strikes me as a rather serious offence, the punishment for it is only five years, whereas the penalty under clause 291 is 14 years. Would the minister comment? There certainly does not appear to me to be that much difference in the seriousness of the two offences, and it strikes me that the offence under 252 might be even more serious than that under 291.

Mr. Garson: If my hon. friend were going to the code and examining these punishments for the various crimes that are listed there, he would see that those which involve violence or the threat of violence to the person of the victim carry a heavier penalty, on the average, than those which do not involve violence. This is certainly true of the two clauses which my hon. friend is comparing now.

Under the present code and in the first draft of the new one, clause 252 only carried a penalty of two years. It was increased to five years in the House of Commons special committee, and appears as five now by reason of that increase. Now, extortion by violence or threat of violence comes under the heading of robbery, which is theft by violence, and it is the element of violence which attracts the heavier penalty. In the case of this clause the penalty is the penalty that has been in the existing code.

Clause agreed to.

Clauses 253 to 275 inclusive agreed to.

On clause 276—*Theft by person required to account.*

Mr. Diefenbaker: Has any change been made in this section or is it entirely a reprqduction of the old section 355? I have not a Criminal Code before me.

Mr. Garson: No change.

Clause agreed to.

Clauses 277 to 288 inclusive agreed to.

On clause 289—*Punishment for robbery.*

Mr. Knowles: Would the minister care to comment on this clause? Perhaps I should make the same request with respect to it that I made with respect to the clause having to do with capital punishment. Before doing so, may I ask if I understand the situation correctly? It seems to me that the penalty has been increased from what it was in the former code. It was 14 years before, was it not, and it has now been increased to imprisonment for life and whipping. I am sorry, I was only partly right. It was 14 years and whipping and it has been increased to life imprisonment and whipping. I think it would only be reasonable to make the same request I made with respect to capital punishment, and ask that this clause

be allowed to stand, just in case the special committee gets through its work before this committee does.

Mr. Garson: I agree with that. You are speaking about clause 289?

Mr. Knowles: Yes.

Clause stands.

Clauses 290 to 292 inclusive agreed to.

On clause 293—*Being unlawfully in dwelling house.*

Mr. Knowles: Once again we have this phrase, "proof of which lies upon him". Can the minister answer that satisfactorily in a brief statement or should we ask that the clause stand?

Mr. Garson: Yes, I think I can.

The man who enters or is in a dwelling house with intent to commit an indictable offence therein is in a dwelling house which is not his own; and it does not seem at all unreasonable to expect him to say why he is there. If he is innocent, that is his obvious defence. Prima facie he has no business being there; but if he has a lawful excuse for being there, that can very easily be established.

Mr. Knowles: The hon. member for Kamloops and I have been trying to look up the old section. There certainly is a difference in the wording. We have not yet been able to make up our minds as to whether there is a difference in meaning. The new wording does include for the first time the idea of putting the onus of proof on the accused.

Mr. Garson: It was on him under the old section.

Mr. Knowles: Now that we are getting at this, let us see what the old section says.

Mr. Garson: It is section 462 (2).

Mr. Knowles: Section 462 reads:

Every one is guilty of an indictable offence—

Mr. Garson: No, subsection 2 of the section.

Mr. Fulton: That is the same as subclause 2, but the onus of proof is placed on the accused for the first time here. The onus of proof that he is there with lawful excuse is placed upon the accused for the first time by this wording.

Mr. Knowles: The old section read:

Every one is guilty of an indictable offence and liable to seven years' imprisonment who unlawfully enters, or is in, any dwelling-house by night with intent to commit any indictable offence therein.

The term of imprisonment is now being changed to ten years. And then subsection 2 in the old code:

The unlawful entering or being in any dwelling-house by night shall be prima facie evidence of an intent to commit an indictable offence therein.

The suggested wording in the new clause is this:

293 (1) Every one who without lawful excuse, the proof of which lies upon him, enters or is in a dwelling house with intent to commit an indictable offence therein is guilty of an indictable offence and is liable to imprisonment for ten years.

It strikes me that the matter of putting the onus of proof on the accused has been imported into the clause, whereas it really was not there before. In other words, I am suggesting this is more than codification; this is a change.

Mr. Garson: No; I suggest that in a case of this kind, if an accused has been found in a dwelling house, both under the old law and the proposed new law, the unlawful entering or being in the dwelling house is prima facie evidence of intent to commit an offence.

When the fact is established in the hearing that an accused was in the house, that fact under subsection 2 is prima facie evidence of his intent to commit an indictable offence therein.

Then if my hon. friend will compare this new clause 293 with the present section 462, he will see that the accused is given what he did not have under the present section. The new clause says, "Every one who without lawful excuse". If he has a lawful excuse for being there, that will protect him.

Mr. Knowles: The old section contained the words "unlawfully enters".

Mr. Garson: Yes, "unlawfully enters"; but under the new clause he has the defence of a lawful excuse if he can establish it. As in several of these cases, when the onus is shifted to the accused it is so shifted because the evidence by which that excuse is established is peculiarly in the possession of the accused. Nobody else can prove his excuse.

He is in the house unlawfully. By the operation of this subclause 2 he is prima facie there for the purpose of committing an indictable offence. The new clause says that if he has a lawful excuse, that will protect him. But he must establish what that excuse is. How could anyone else establish it? The crown does not know what his excuse is. Is it not reasonable that where he is found in a house in that fashion he should have the opportunity of excusing himself by establishing within the terms of the new clause such lawful excuse, and who but the accused himself could establish it?

Mr. Diefenbaker: As a matter of fact there is an authority on that point. It is Rex *v.* St. Clair, 21 Canadian Criminal Cases, 350, which deals with the establishment of a defence in respect of a lawful excuse. At that time they were dealing with section 228, the old section, of being found in a disorderly house without lawful excuse. The case states that the defence may presumably set up not only the circumstances which would at common law justify his presence in the house, but show that he was rightfully there in pursuance of a duty imposed by municipal or provincial authority—for instance as a sanitary officer inspecting premises, and so on.

While this clause does have the appearance of establishing an onus, if I read it correctly, it is in reality putting into legal phraseology the responsibility which has always rested upon an accused person, that of proving he was there by lawful excuse.

Mr. Garson: That is right. I agree entirely with the statement of the hon. member for Prince Albert. If the crown rested its case by proving he was there, where he should not be, and he did not offer any evidence at all, he would have a hard time to avoid conviction.

Mr. Lusby: I am wondering if, when the redrafting was being done, any consideration was given to the advisability of making it an offence when an accused enters a dwelling house without any reasonable excuse, but when such person does not have the intent to commit an indictable offence. As I understand it, a man could under these circumstances come to my house in the dead of night, push open a closed window and roam around the house, and yet he would not be committing a criminal offence. It seems to me that he should be made guilty of an offence punishable on summary conviction. In my view there should be an offence of some kind set up under the Criminal Code to deal with those circumstances.

Mr. Garson: Is that not fairly well covered by the existing law, when clause 293 states that if a man enters another man's house unlawfully, the fact that he is there is prima facie evidence that he entered or was in the dwelling house with intent to commit an indictable offence therein. He can be prosecuted for that. Of course my hon. friend is right when he says that, if he can offer a lawful excuse, he will secure acquittal.

I suppose my hon. friend's complaint is that in such case he should be subject to conviction for some lesser offence. It runs in my mind that there is a section in another portion of the Criminal Code or elsewhere defining the offence of trespass and that the circumstances described by the hon. member would come under that section. However, I cannot put my hand on it at the moment.

Clause agreed to.

On clause 294—*Entrance.*

Mr. Fulton: I suggest that clause 294 is to some extent new, although it says that it is founded on section 340. Yet I find in Tremeear the statement that under the present law a person is not guilty under section 462, which is the section corresponding to the new clause 293, if only his hand or a portion of his body is in the house. It is specifically provided now that:

> A person enters as soon as any part of his body or any part of an instrument that he uses is within any thing that is being entered . . .

I observe that that is very much the same wording as section 340 of the old code. Yet it appears that, as I say, according to the authority of Tremeear's statement at page 113, at the bottom of the page:

> Accused was found at night climbing up the side of the building, with one arm in through an open window. He was convicted under a statute similar to section 462.

As I point out, section 462 is now clause 293. I continue:

> On appeal, held, the conviction must be quashed. The statute required that accused be found in a building, and this accused was found outside the building trying to get in. While he might have been guilty of other offences, he was not guilty of the offence charged.

The case there is an English case, namely Rex *v.* Parkin, 1929, 2 All England Reports. As Tremeear points out, it is a statute similar to our section 462. I ask the minister why it was decided that clause 293 should be made applicable to a person who was not wholly in but only partly in the building. Was that a deliberate decision, or did it come about by accident?

Mr. Garson: It was quite deliberate. This new clause 293 corresponds to the present section 340.

Mr. Fulton: No, 462.

Mr. Garson: This new clause 294 corresponds to the present section 340, and subparagraph (b) (ii), to which my hon. friend refers, is in part new, and it is the new part that my hon. friend is querying. It was to overcome the difficulty which arose in the case of Rex *v.* Miller, 91 Criminal Cases, 270, in which it was held that the raising of a window that was already partly open did not constitute a breaking as that term was defined in the law as it then stood, that the change in wording was made.

Mr. Fulton: In other words, as the minister said, Rex *v.* Miller held in effect that

attempting to get in or being found in the act of getting in but not being actually in was not included in the section and a conviction could not be founded upon those circumstances. I do not see that there should be much objection to that intention if it is clearly proven that the man was attempting to get in. I have no objection. I just wanted to establish that it was being deliberately done to bring that set of circumstances within the ambit of the clause.

Clause agreed to.

On clause 295—*Possession of housebreaking instruments.*

Mr. Knowles: Will the minister comment on this clause as well? I note once again that the phrase "the proof of which lies upon him" is in this clause.

Mr. Diefenbaker: That was in the old section, too.

Mr. Knowles: All right; I will accept the correction of the hon. member for Prince Albert that the wording was there before, but as a layman it does seem to me that this phrase is in the code a great many times. We hear it said so often that it is one of the basic principles of British justice or Canadian justice that the accused is innocent until he is proven guilty. I certainly do not like to take a position that might be misinterpreted as condoning any of the offences that we are dealing with in this part of the code, and I am sure no one would so misinterpret my position. But I wonder whether in this case consideration was given to this point. While the minister is commenting will he comment on the fact that in this instance the penalty has been increased to 14 years? When I compare clause 295 with clause 293 it turns out that it is a more serious offence to have in one's possession an instrument for housebreaking than it is actually to enter a place. You may have an instrument, I suppose, and do nothing with it. You may have it in your possession and get 14 years. But if you enter without lawful excuse, under clause 293, the maximum penalty is 10 years. Maybe it is just a case of a layman needing a little instruction. On the face of it it looks odd to me.

Mr. Garson: We might examine my hon. friend's contention by seeing how this would read if we took up the language to which he objects and had it say:

> Every one who has in his possession any instrument for housebreaking.

Mr. Knowles: The minister forgets the words "without lawful excuse".

Mr. Garson: All right; I will take it this way, the way in which I have read it, leaving out "without lawful excuse":

> Every one who has in his possession any instrument for housebreaking, vault-breaking or safe-breaking is guilty of an indictable offence and is liable to imprisonment for fourteen years.

That would be very hard upon an honest person who might have those instruments for perfectly honest purposes. Therefore it seems reasonable that we should insert the words "without lawful excuse". Once we insert the words "without lawful excuse" we run into the same old difficulty: how is the crown going to prove the accused's excuse? He is the only one who knows what his excuse is. If he has a good excuse, if he is an honest man, all he needs to do is to state his position and he is clear. If he is not an honest man, if he is unlawfully in possession of housebreaking instruments then he should be prosecuted.

Now, with regard to those penalties to which my hon. friend refers, I can only say that the question was considered at great length in the Commons committee and we there came up with the view that the penalty should remain as it is. It, too, is a maximum penalty, and the question which arises is whether the facts of such a case as could arise under this section would be sufficiently serious to warrant the imposition of a penalty of that magnitude.

Mr. Knowles: If I may deal with the latter point first, I should like to point out that under the old code, for what is now under clause 293 the penalty was seven years, and the penalty for what is now under clause 295 was five years. The relationship has been reversed. The first one is now raised to 10 years and the second one to 14 years.

Mr. Garson: With great respect, Mr. Chairman, I think the linking by my hon. friend of the penalty under clause 295, which has to do with the possession of housebreaking tools, with the penalty under clause 293, which has to do with being unlawfully in a dwelling house, is not a proper one. The comparison should be between the penalties under clause 295, I suggest, and those for breaking and entering under clause 292 because there is a distinction drawn between the case of a person who is unlawfully in a dwelling and a man who uses housebreaking tools to break his way in. That distinction goes through the whole piece; and the possession of housebreaking tools was considered to bring the accused into the category of a burglar and the penalty therefore, as in clause 292, is 14 years.

Mr. Knowles: One other point occurs to me. I find I was a bit hasty in accepting the correction of the hon. member for Prince Albert a moment ago. Now I am relying on the advice of another of my legal friends, the hon. member for Kamloops. Apparently in this instance it is a good idea to have two lawyers on your side.

An hon. Member: What about yourself?

Mr. Knowles: As a matter of fact the only time I had occasion to take a case to court I had one lawyer and my opponent had two and I won the case. However, in this instance I am relying on the judgment of two lawyers. It is pointed out to me that under section 464 the requirement that the proof should lie upon the accused applied only in the case of possession of housebreaking instruments by night. Now there is the necessity of the accused proving that he had a lawful excuse, and that necessity applies to both day and night.

Mr. Garson: The provision of a lawful excuse in the terms of the clause itself is an advantage to him, and he is the only one who can establish it. The clause imposes no disability upon the accused in saying that he is not guilty if he has a lawful excuse. The accused is better off for the inclusion of the words "without lawful excuse", and once they are included the accused is the only man in a position to provide the evidence of his lawful excuse.

Mr. Fulton: In that respect I do not know that a great deal hinges upon it, but I believe we should be clear in our thinking. Under the present code, section 464, the having of tools in a person's possession by night was an offence unless he had a lawful excuse, the onus of proving which was placed upon him. If he had them in his possession by day it was not an offence regardless of whether he had a lawful excuse. Even if he had them in his possession by day the crown had to prove that he intended to commit an offence with them, and the onus on the crown was very great. If the crown could prove that he had them with intent to commit an offence, then that completely negatived the possibility of any lawful excuse. Therefore the onus on the crown in the case of a charge of being in possession of housebreaking instruments by day was a very heavy one, and in connection with the possession of housebreaking instruments by night it was not quite so heavy. It is true, though, that the onus of proving the lawful excuse was on the accused, and that seems reasonable.

In other words there was a difference in the degree of onus and degree of automatic liability, if you like, attaching to the possession of housebreaking instruments by night, as against the possession of these instruments by day, and that difference has been eliminated in the new clause. I wonder if the minister could tell us by what process of reasoning the conclusion to eliminate that difference was arrived at, because it seems to me the clause as it now stands will go hard with the genuine artisan who always carries his tools by day, who might well be faced with the prospect of answering a charge of being in possession of housebreaking instruments.

I believe that is why in the case of possession by day, under the present section, the crown was under that very heavy onus of having to prove intent to commit an unlawful act. People will be walking about with tools or instruments that might be used for housebreaking but which in fact are in their possession for perfectly lawful purposes, yet the onus on the crown to prove the element of intent is less under the new clause. Can the minister say why it was decided to eliminate that difference between possession by night and possession by day?

Mr. Garson: Mr. Chairman, as I recall the discussions in the House of Commons committee it was considered desirable that it should be equally unlawful whether by night or by day. Then by providing that the accused was guilty only in those cases where he had no lawful excuse, in view of the fact that asking him to provide the evidence to prove this excuse was not an unreasonable provision, the committee thought that this would be a better clause than the old one.

Mr. Fulton: I understand it was discussed at length in the special committee. I wish a transcript had been kept of the evidence presented at that committee as well as a record of the minutes of their proceedings. I am not very happy about this because the carpenter, the plumber, the road foreman, and the mining foreman are now all in the possession of instruments by day which could certainly be used as housebreaking instruments, yet the legality of their possession is made shakier than it was under the old section. I am not very happy about it, but since it was discussed at length by my colleagues in the committee last year and they were satisfied I shall not press the matter any further.

Clause agreed to.

Clauses 296 to 302 inclusive agreed to.

On clause 303—"*False pretence*".

Mr. Ellis: Mr. Chairman, I am wondering whether subsection 2 of this clause would grant some measure of protection to purchasers of goods, particularly those who sign contracts to purchase goods where the advertisement or approach by salesmen would constitute gross exaggeration. There have been several cases brought to my attention where salesmen have managed by one sales gimmick or another to persuade persons to purchase goods and sign contracts and it was only after they had signed a contract that they realized just what they had become involved in.

I would like to know whether this clause as it is at present constituted would give some measure of protection in cases of that kind. I am well aware of the old maxim "let the buyer beware" and that the purchaser of goods has to exercise a certain amount of judgment, but I do feel there are instances where sales techniques are being used which are not morally sound, and I believe some provision should be made to take care of cases of that kind.

I think perhaps I have made my point clear, and I hope it will be understood that I am referring to sales that are made by means of such methods. I recall being approached by a salesman at one time, and according to him the goods were free. They were going to give me a gift of goods; then of course the next step was to involve me in an agreement to receive perhaps a gift or a particular item. One step would lead to another and eventually the customer would be tied by a contract. I believe there are many instances of that and certainly a number of them have been brought to my attention recently. Does this clause provide a measure of protection against what I consider to be offences of that kind?

Mr. Garson: I presume that what my hon. friend means when he uses the word "protection" is the protection that should be provided by the criminal law.

Mr. Ellis: That is right.

Mr. Garson: I think clause 303 does provide such protection. What I suggest to my hon. friend is that he look at clause 303, subclause 2. It reads:

> Exaggerated commendation or depreciation of the quality of anything is not a false pretence unless it is carried to such an extent that it amounts to a fraudulent misrepresentation of fact.

Concerning this my hon. friend says to me very properly, "What is a fraudulent misrepresentation of fact?" The next subclause gives the answer to that question. It reads:

> For the purposes of subsection (2) it is a question of fact whether commendation or depreciation amounts to a fraudulent misrepresentation of fact.

Therefore it is a question of fact that has to be decided on the facts of a given case as to whether the false pretence charged amounts to a fraudulent misrepresentation of fact. If my hon. friend feels that, in selling him a bill of goods, a salesman has carried this exaggerated commendation to the point where it is fraudulent misrepresentation, then he goes to the crown prosecutor and says, "This salesman has defrauded me by making the following fraudulent misrepresentations to me". The crown prosecutor listens to my hon. friend's story and, if he thinks there is a reasonable case there, he lays an information under this clause. The case then comes before the court for trial. Whether the statements that were made by the accused salesman to my hon. friend constituted a fraudulent misrepresentation is the question of fact which the court has to decide upon the facts of the case. If the court decides that question of fact in my hon. friend's favour it will bring in a verdict of guilty.

Mr. Hahn: In that connection I would say there are thousands of fraudulent misrepresentations of facts over the radio every day of the week in this country in connection with soap advertising. The only reason no action is taken is that so little money is involved per person. I believe that possibly greater care should be taken to see that, with respect to the exchange of goods for small amounts of cash, the householder is more fully protected. It may be only a matter of 30 or 35 cents to the housewife; but if she buys a package of one kind of soap, the next thing she knows she hears that it is the worst soap on earth because it does not get clothes as white as some other product. Is there in the act a section to protect one from such fraudulent practices?

Mr. Garson: Will my hon. friend look at clause 306? Perhaps I had better put it on the record.

Mr. Knowles: It is a long one.

Mr. Garson: It reads in part as follows:

> Every one who publishes or causes to be published an advertisement containing a statement that purports to be a statement of fact but that is untrue, deceptive or misleading or is intentionally so worded or arranged that it is deceptive or misleading, is guilty of an indictable offence and is liable to imprisonment for five years, if the advertisement is published

(a) to promote, directly or indirectly, the sale or disposal of property or any interest therein, or
(b) to promote a business or commercial interest.

Then in other parts of that same section it goes on to prohibit other types of false advertising.

Mr. Hahn: A charge has to be laid by the individual concerned, does it not?

Mr. Fulton: An information has to be preferred.

Mr. Garson: An information would have to be laid; yes.

Mr. Hahn: My point is this. We have thousands and thousands of these cases, let us say, of boxes of soap being sold; but no one individual is going to take the time off to go through court procedure in order to prove that one make of soap is not as good as another.

The Deputy Chairman: Shall the clause carry?

Mr. Fulton: May I please have the consent of the committee to revert to section 253 for the following purpose—

The Deputy Chairman: Order. Is clause 303 carried?

Some hon. Members: Carried.

Clause agreed to.

Mr. Fulton: It will be recalled that when we reached sections 247 and 248 I asked for and obtained agreement that they should stand. My colleague gave me a note indicating the sections in question. I was going to blame him and say his handwriting was bad, but I will assume the responsibility myself. I misread his writing. He asked that several clauses should stand. I read his figures as "353" whereas in fact he requested that clause 253 should stand. May we revert to clause 253 for the purpose of having it stand? It deals with the same general subject as do clauses 247 and 248.

The Deputy Chairman: I am of the opinion that, having passed clause 253, we can revert to it only by unanimous consent. Is the committee agreeable that clause 253 shall be treated as having been marked "stand"?

Some hon. Members: Agreed.

The Deputy Chairman: Then clause 253 will stand.

Clauses 304 and 305 agreed to.

On clause 306—*Publication of false advertisements.*

Mr. Diefenbaker: I am asking this question for information. A moment ago mention was made of radio advertising. Has there been any case in the country to the effect that radio advertising constitutes publication?

Mr. Garson: Within the meaning of this clause?

Mr. Diefenbaker: Yes.

Mr. Garson: Offhand, I think not. I shall be glad to check up on that matter and see whether there has been or not. If certainly has not come to my notice.

Mr. Diefenbaker: Does the minister consider that, within the definition of publication, putting information over the radio would indeed be publication?

Mr. Garson: I would think it would be.

Mr. Fulton: What was the minister's answer? I am sorry, but I did not hear it.

Mr. Garson: I would think it would be.

Mr. Hansell: I do not know whether the minister's thoughts on the matter settle the point. We are now revising the Criminal Code for the first time in many years. Here is a new form of advertising that is becoming quite prominent. It may even be displacing some other forms of advertising. I think the meaning of the term "publish" should apply to radio advertising as well as to anything else. The minister says, "I think it would", but the minister thinking so does not make it so. I believe a word or two here in the form of an amendment might make it all-embracing.

Mr. Garson: My hon. friend's point is very well taken indeed; my thinking so does not make it so. But I believe we can agree that if that particular point has not yet come before the courts, all that one can do is to express one's own opinion. I am afraid I did not use the word "think" in an exact sense. We will check to see whether there have been any cases decided under this section, and then raise the matter again in committee.

Mr. Fulton: The English case in connection with a libel decided that the broadcast by means of radio constituted publication in order to make it libel as distinguished from slander. That would certainly be fairly powerful argument in this connection under

clause 306, would it not, that the broadcasting by means of radio of advertising in the same way constitutes publication?

Mr. Garson: That is another reason I thought so.

Clause agreed to.

Clause 307 agreed to.

On clause 308—*Pretending to practise witchcraft, etc.*

Mr. Knowles: Can the minister tell us whether in this day and age we still need laws against witchcraft?

Mr. Dechene: That refers to the C.C.F.

Mr. Knowles: In the light of the jocular interjection of the hon. member for Athabaska I am glad to note that burning at the stake is not the penalty.

Mr. Diefenbaker: It might be some day.

Mr. Knowles: As I say, the heading "witchcraft" is rather intriguing for a Criminal Code in 1954. I wonder what the word includes. Does even teacup reading come under the ban of the Criminal Code? I was starting to read Tremeear on the point but we moved a little too fast and I did not get to it in time. Perhaps the minister can tell me.

Mr. Garson: I think the significance of this clause turns on the adverb "fraudulently". It is every one who fraudulently pretends to exercise or to use any kind of witchcraft and so on, who fraudulently undertakes, for a consideration, to tell fortunes, who fraudulently pretends from his skill in or knowledge of the occult, and so on. It is not witchcraft in the old sense. It is using these ideas to commit fraud upon naïve people or people who can be imposed upon. That is the gravamen of the offence. If it is not done fraudulently there is no offence under the section.

Mr. Cameron (Nanaimo): Bona fide witchcraft is all right, is it?

Mr. Garson: If it is not done fraudulently it does not come under this section. I do not know whether I would say it is all right.

Mr. Diefenbaker: Under this section is an offence created in the case of anyone who purports by occult science to have spiritualistic communication with the dead?

Mr. Garson: I can only repeat that if any of these practices are done for a fraudulent purpose there would be an offence. If it is not done for a fraudulent purpose there would not be an offence. Therefore it is not a case of witchcraft or no witchcraft; it is a case of fraud or no fraud.

Mr. Diefenbaker: If it were for the welfare of the state it would not be an offence.

Mr. Ellis: I cannot understand the use of the term "fraudulently" with respect to the exercise of witchcraft. We find at fairs, and I am quite sure in many of our cities, palm-reading establishments.

Mr. McCann: That is amusement.

Mr. Ellis: These people pretend to be able to foretell the future. Am I to understand that the reason they are allowed to do so is that they are doing it for amusement? Is that the escape provision by reason of which they are not dealt with under this section?

Mr. Garson: No. My hon. friend should interpret against me only the language which I myself used. I never said anything about amusement. What I was discussing was fraud. I say that none of these practices constitute an offence unless they are done for a fraudulent purpose. To continue the practice I have been following, let me take the facts of a case that has been decided in order to illustrate my point. It is the case of Rex *v.* Duncan et al., 1944 K.B., 713. This case was decided in Great Britain in 1944, not very long ago. In Great Britain they have an excellent administration of justice, great respect for individual freedom, and in general a pretty level-headed view of these matters. Their act in question was the witchcraft act of 1735 and the relevant words in this act were these:

> Pretends to exercise or to use any kind of witchcraft, sorcery, enchantment or conjuration.

As to these words the court said:

> What was aimed at, as shown by the language of the statute itself, was that ignorant persons—

I merely used the word "naïve".

> —should not be deluded or defrauded by the pretence to exercise or use any kind of conjuration. The word "conjuration" means traffic with spirits and the words "any kind of" show clearly that the conjuration is not limited to the holding of conversations with evil or wicked spirits.

Suppose, for example, some ignorant person got in the hands of a fraudulent person who pretended to have these occult powers; and that over a period of time the ignorant person paid $1,000 for the fraudulent professional services of this crafty person. I think such a case would come under this section. I do not know why such acts should not be penalized, and I think this section is quite a good one to have in the code.

Mr. Ellis: In my opinion that still does not answer the main point. Clause 308 reads:

> Every one who fraudulently
> (a) pretends to exercise or to use any kind of witchcraft, sorcery, enchantment or conjuration . . .

Take the case of a palm reader who charges a dollar to read a palm. What is the purpose behind the payment of the dollar on the part of the customer, and what is the intent of the palm reader? I mentioned amusement a moment ago because I know many people will go into a cafe, have a cup of tea and have their teacup read. I do not think people generally look upon that as being very serious. It is a matter of entertainment. But I am referring now to persons who read palms for a living and charge a sum of money for doing so. If it is not amusement, if it is not for purposes of entertainment, then these people are claiming to possess certain supernatural powers. Is it not a form of fraud to claim such powers?

The Deputy Chairman: Order. It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

ASSOCIATED CANADIAN TRAVELLERS

The house in committee on Bill No. 170, respecting the Associated Canadian Travellers—Mr. Hanna—Mr. Applewhaite in the chair.

On clause 1—*Qualification for membership.*

Mr. Diefenbaker: I have not the bill before me at the moment, but I think a word might be said concerning this bill in general. I feel that it represents a really worth-while change in the laws of this association as they have existed heretofore. All of us have a high respect for the Associated Canadian Travellers, who make a tremendous contribution to every part of our country.

Up until the present time, under the laws of incorporation under which this organization operates, provision was made whereby any white male person over the full age of 18 years might, subject to the terms of the duly enacted bylaws of the association, become a member of the association. I think this organization deserves high praise for removing what was indeed a discrimination based upon colour. Though the purpose of having the legislation in its original form may not at the time have been considered very serious, in the world of today, with the challenge of communism on every hand, nothing is of greater importance in the preservation of democracy than the removal and extirpation of everything that in any way indicates racial discrimination.

The removal of this qualification for becoming a member of this organization, that he be of the white race, is a step forward and deserves commendation and appreciation. Since five out of six persons within this commonwealth belong to the coloured races, anything in the nature of racial discrimination has a mobilizing influence for communism, and is one of those bloodless weapons that communism uses. I think this association, the Associated Canadian Travellers, in asking parliament to grant it the power to have in its membership people of all colours rather than restricting membership to the white race, has given a lead to a course of action that should characterize all of us in every democracy in the world today.

Mr. Knowles: I am sure, Mr. Chairman, we all agree with the words of commendation expressed by the hon. member for Prince Albert with respect to the way in which this bill removes an element of discrimination. We are all happy to approve a bill with such a purpose. May I ask the hon. member for Edmonton-Strathcona, who I believe is the sponsor of this bill, why the bill does not go a step farther and remove discrimination against women? We in this house are glad to welcome any persons—men or women—as members, provided they are elected by their respective constituencies. Formerly, this legislation contained the words, "any white male person", and that is now being revised to read "any male person." Why not remove the other element of discrimination as well?

Mr. Hanna: First of all, if I may, I should like to say that I agree wholeheartedly with the remarks made on clause 1 by the hon. member for Prince Albert. In reply to the hon. member for Winnipeg North Centre, I would say that the amendment is worded according to the request of the Associated Canadian Travellers. I am sorry that I have not had the opportunity of discussing with them whether or not they would object to including women in their membership. I cannot give you their views on that. This is the wording the association requested.

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

ALFRED RUBENS

On the order:

Second reading of Bill No. 298 (Letter E-10 of the Senate), intituled: An act for the relief of Alfred Rubens.—Mr. Hunter.

Mr. Adamson: Is the other bill not going to be dealt with now? I merely wanted to speak in support of it, and I notice the sponsor is not here.

Mr. Harris: There is no intention of allowing Bill No. 296 to stand, unless there was an arrangement to do so of which I was not aware.

Mr. Adamson: I merely wanted to support it. I know the principals in the matter, and I merely thought it might go through. I wanted to say a few words in support of it.

Mr. Harris: I would ask you to call order No. 27, Mr. Speaker.

BRAZILIAN TELEPHONE COMPANY

The house in committee on Bill No. 296, respecting Brazilian Telephone Company—Mr. Hunter—Mr. Applewhaite in the chair.

On clause 1—*Head office may be transferred.*

Mr. Adamson: I merely wanted to make a few brief remarks on this bill. I do so because this company is a clear example of the beneficial results of Canadian capital at work in another country. At the inception of the Brazilian Traction Company and its subsidiary, the Brazilian Telephone Company, they were and still are pioneers in the development of great national public utilities. The success of this company has been due to the intelligent operations of its officers, both Canadian and Brazilian, and its growth has been so phenomenal that in order to obtain the necessary capital to expand, as many other telephone companies in the world find it necessary to do, the head office is being moved to Brazil and the company is having Brazilian incorporation.

An excellent speech was made on February 10 in the other place concerning this matter, and with it I entirely concur. I should like to read the explanatory note of the bill, which says:

> This bill is desired so that the people of Brazil may be given an opportunity to invest in the company in order that capital may be raised in the public market and from other sources in Brazil to enable the company to carry out the expansion of its facilities which is essential to its continued successful development, while at the same time preserving the corporate existence of the company, its liabilities, its rights and obligations under the contracts and concessions through which it operates as well as the good will of its business acquired over the course of many years of operation in Brazil.

I do not think one could find an equally good example of good will between Canada and another country, good will developed through an investment which was risk capital at the time, as is found in this bill. The operations are now being moved in their entirety to the United States of Brazil, a great and friendly nation with which Canada has such intimate associations.

It is for these reasons, Mr. Chairman, that I have said these few words this afternoon in support of the bill.

Clause agreed to.

Clauses 2 and 3 agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Harris: Under the circumstances it might be desirable to allow this stage to stand.

Mr. Speaker: Next sitting of the house.

SECOND READINGS—SENATE BILLS

Bill No. 298, for the relief of Alfred Rubens.—Mr. Hunter.

Bill No. 299, for the relief of Clara Stein Rosenberg.—Mr. Hunter.

Bill No. 300, for the relief of Birdie Gladys Schwarz Bard Yudelson.—Mr. Hunter.

Bill No. 301, for the relief of Lilli Schwab Barber.—Mr. Hunter.

Bill No. 302, for the relief of Laura Fanny Hoddinott Peckford.—Mr. Hunter.

Bill No. 303, for the relief of Michael Samulack.—Mr. Hunter.

Bill No. 304, for the relief of Natalie Wynohradnyk Wolcovitch.—Mr. Hunter.

Bill No. 305, for the relief of Joan Bechard Tutty Copeland.—Mr. Hunter.

Bill No. 306, for the relief of Georgette Mertens Herscovitch.—Mr. Hunter.

Bill No. 307, for the relief of Mary Veronica Carmichael Mosher.—Mr. Hunter.

Bill No. 308, for the relief of George Thomas LeGrow.—Mr. Hunter.

Bill No. 309, for the relief of Marie-Reine Roy Laflamme.—Mr. Hunter.

Bill No. 310, for the relief of Gabrielle Gagne Nantel.—Mr. Hunter.

Bill No. 311, for the relief of Velma Mackland Giles Boyer.—Mr. Hunter.

Bill No. 312, for the relief of Bessie Katz Elman.—Mr. Hunter.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 152, REVISED STATUTES OF 1952—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

The house resumed, from Tuesday, February 23, consideration of the motion of Mr. Knowles for the second reading of Bill No.

4, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

Mrs. Ann Shipley (Timiskaming): Mr. Speaker, I was hoping that the Leader of the Opposition (Mr. Drew) was going to continue his remarks. As will be recalled, he spoke until six o'clock the last time the bill was before the house. I listened very carefully to every word he said, because I was anxious to know whether he was for or against the measure. I could not tell, from what was said. However, as apparently the hon. member is not going to speak on this occasion, I have a few words I should like to say in connection with the voluntary revocable check-off.

According to the hon. member for Winnipeg North Centre (Mr. Knowles) it might appear that this is a very simple matter, so simple that there could not possibly be any objection to it. It was so outlined as to leave the impression that any workman, at his will, could simply walk into an employer's office and sign a card to the effect that he wanted union dues deducted from his pay cheque; and if he wanted to discontinue this process then, supposedly, it was just as simple to walk in and lift the card.

I think it is well known to most hon. members that it is not as simple as that. In many cases—I do not say in all cases—it is neither voluntary nor revocable. As reported at page 2372 of *Hansard* the hon. member for Cape Breton South (Mr. Gillis) said:

> I could give the house a lot of instances in this country where this question has caused a great deal of upset and economic upheaval, loss of wages and all the rest of it.

The hon. member implied, I assume, that if the voluntary revocable check-off were conceded to all union members there would be no strikes. Well, actual experience where it has been made compulsory does not bear out the hon. member's contention, by any means.

I do not want to be misunderstood. I want to make it specifically clear that I am neither against unions nor against the check-off, but I am very strongly against making it compulsory. There are many responsible unions in this country, a great many of which have gained this concession from their employers. No doubt in all cases they have earned it by their responsible behaviour. But there are unions, or branches or locals of unions, that have not shown responsible behaviour; and it is these to which I do not feel any employer should be forced to give this concession. Where the check-off has been in effect, there have been many instances

of a great deal of pressure and actual intimidation to have the men working in that plant come in and sign the cards. It is not voluntary.

When one reads in the newspapers the vilification hurled by certain union leaders at the chairmen of boards of conciliation when the particular findings of boards have not met with their approval, or in other words when they have not received all they wanted, one begins to wonder. I was particularly shocked one day recently to pick up a newspaper and read the very harsh words that were hurled at the premier of this province. Well, when things such as these take place it should be very easy for all of us who have not run across this great pressure and intimidation to believe what type of pressure would be applied to an inarticulate employee.

We hear much of the rights and the security of the unions. That is fine; I am all for it. But what of the rights and the security of the individual Canadian worker who does not wish either to join the union or to have his pay reduced by the check-off? Many people fought for many years to obtain the privileges that we have in this democracy, and if we are not careful we are going to lose a great many of them by such compulsory legislation as is here proposed.

When I say that certain unions do not show responsibility and therefore should not be given this concession, that their employers should not be forced to give it to them, I do not just mean responsibility to the company; I mean responsibility to the community, responsibility to their own members, and above all a respect for law and order. That is most important. Any compulsion is a departure from democratic processes, and compulsion of one kind begets more compulsion. It is only reasonable to suppose that if employers, against their will, are forced to concede any kind of check-off to unions, they in turn will ask for certain compulsory measures.

In other words, where is compulsion going to end? What will be the next thing that will be asked by the unions, or by industry, or by the employer? It is perfectly true that if this measure were passed by this house it would affect only those employees who come directly under our jurisdiction, but I think it is a little broader than that. There is no question in my mind but that if we pass such a measure, the fact we had done so would be used as additional pressure on those provinces that do not at this time, perhaps not at any time, wish to pass such a measure.

It is said that the unions should have this measure passed because they have done a

great deal of good for labour in this country. No one denies that they have, but on the other hand I do not think that is a very good argument as to why we should pass such a measure as this. After all, churches are probably the strongest and have done the most good of all organizations in this country, but they rely for the collecting of the necessary funds on the good will of their members. Let us take the Canadian Legion, for example. It is well known that the Canadian Legion has done immeasurable good for all veterans, but they do not suggest for one moment that everybody should belong to the Canadian Legion and be forced to pay them dues, or that dues should be forcibly collected. I do not think the argument that the unions have done good justifies a measure such as this.

There is no check-off in Britain; they do not have it there. We can perhaps learn something from the experience in the United States. In some states the check-off has now been outlawed, and they have passed legislation giving a man the right to work. Fancy having to pass legislation to give a man the right to work in a democracy. Let me repeat that I have no objections to unions or to the check-off if the unions earn it, as no doubt they have, by their responsible behaviour. It is only fair to say that in certain locals union leaders change from time to time. The responsible conduct of that local may change for the better; it may change for the worse. Surely an employer should have the right to make this concession or take it away if the circumstances warrant it.

It is my opinion that Canadian unions will grow in strength and responsibility in direct relationship to the number of workers who take an active part in the administration of their particular union; and I suggest, Mr. Speaker, that to make the check-off compulsory would only place more money in the hands of some union leaders who are not now demonstrating a proper degree of responsibility. If the members are blessed with serious types of leadership there should be no difficulty in the collection of dues.

It seems to me to be the height of folly to reward those unions who have shown contempt for law and order with any form of check-off, as would happen if this bill were passed.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, at the risk of repetition I rise again to support this bill introduced annually by the hon. member for Winnipeg North Centre. I regret that during the previous debates on this matter I have not been able to convince sufficient of my colleagues of the justification for such a measure. However, like the hon. member for Winnipeg North Centre I shall persist until I either leave the chamber in defeat or finally convince the government that it is a matter worthy of consideration.

It is regrettable that this matter comes before the house in the shadow of what might be considered a valiant struggle on the part of the unions to win union security measures and improved economic conditions here in Ontario. We have perhaps reached a point where we shall not argue the question dispassionately, as it were.

The hon. member who has just taken her seat, the hon. member for Timiskaming (Mrs. Shipley) has brought up some questions which I feel should be answered. Perhaps no one in opposition has said anything which merits a great deal of criticism. Like other hon. members I listened very carefully to the speech of the Leader of the Opposition (Mr. Drew). I read it over again quite thoroughly today. I cannot say I am too sure just what the position of the Conservative party is as expressed by the Leader of the Opposition.

Mr. Drew: You cannot read if you do not know.

Mr. Byrne: It appears that they believe this matter should be referred to a committee or a royal commission. However, I believe there has been sufficient discussion of this question. It was before the industrial relations committee on several occasions, and their report has almost always been favourable. The hon. member for Timiskaming has indicated that in her view this is a matter of compulsion, and is not a voluntary revocable check-off. But in my view it is not a matter of compulsion directed against the person who is being asked to make contributions to a union. It is the employer who is required to make certain notations on a card, which may be run through a tabulating machine, and to make the necessary deductions from the pay cheques. The economic consequence to the employer is practically nil.

If this became law, in the same way as it already has been made law in several of the provinces of Canada, the employer would then be required to make these deductions and remit them to the responsible officers of the unions concerned. Almost every if not every employer makes deductions from the pay of employees for specific purposes. I might even go so far as to say that if the Legion at its different branches decided that its membership wished to have their dues

paid in that manner there would be, I imagine, no objection on the part of employers to making the necessary notation and remitting the money so collected. While the Legion is doing an inestimable amount of work on behalf of the legionnaire, it is not an economic entity in our financial system and as such would not expect to enjoy the same perquisites as an organization whose dealings with employees have a direct relationship to the latter's bread and butter. I do not say they are not entitled to these perquisites, but I certainly do not imagine they would seek concessions along these lines.

It is noteworthy but perhaps regrettable that certain newspapers carried banner headlines during recent strikes. The purpose of these headlines was undoubtedly to appeal to the general public, for their object is to sell papers and thereby make money. It is therefore not unusual for them to carry the more sordid side of wage negotiations in headline form, though we cannot draw too many conclusions from that aspect of the reporting of wage disputes between unions and employers.

I do not believe it is the responsibility of the employer to decide whether a union is a responsible body. It is the responsibility of the union membership to decide whether the union is doing a job for them or against them. When they are doing a job which is adequate in the eyes of the union representatives, then in view of the fact that there are two sides to an issue between two economic groups, that is the employees and the employers, it is hard for me to visualize the employers approving of their activities. When an employer is told that his profits were just a little too high compared with the general level of the past year, and when those who are bargaining for a more adequate share of those profits successfully negotiate an agreement, it is hard for me to imagine an employer praising the union as efficient and responsible, particularly if he thought there was a less efficient union which would let him off with a better deal.

After a prolonged economic eruption, or even after the limited economic disturbance such as faces us now, the general public is always inclined to believe that the unions are not doing a good job, and that something should be done to limit their strength. But I do not believe we should allow one unusual incident in the scheme of things to sway our minds too strongly.

Let us look at the over-all picture in Canada today and realize that we have almost a million workkers belonging to trade unions. Many of them are under closed shop agreements; some are under union shop agreements. These unions have the very highest scale of union security measures. We have very responsible unions which are making a great contribution to the economy of the country and to the welfare of the individuals under their jurisdiction. It may be said that it is because of their secure position that they are not having a great upheaval.

To give the unions the very minimum of social security, which is embodied in a simple voluntary revocable check-off slip which the employer must honour when presented, is not going very far in the way of compulsion. The labour code itself has in it some measure of compulsion. The word "shall" is used on many occasions; it sets up various steps that the union and management must take in coming to an agreement and finally, when arbitration is being resorted to, it provides that one side or the other shall accept the decision.

While this measure leaves much to be desired in the way of union security, it gives the union a measure of recognition by the employer and thereby establishes a base on which may be built better labour relations. This measure, if adopted, does not affect the provinces. Labour legislation is normally part of their responsibility in so far as it affects industry within their boundaries. This legislation will affect only those industries which come within the scope of the federal labour code, and perhaps there are not too many such who do not have some type of union security. If this measure did succeed in showing the way to some of the provinces and to some of the employers, if it succeeded in avoiding even one disastrous strike, I feel that it would have accomplished a very good purpose.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to say just a word or two on this bill before six o'clock. It is not my intention to endeavour to talk the thing out at all, but I think I should say one or two things with regard to it.

First of all I should like to make our stand clear. We support the voluntary revocable check-off, and we always have done so. We believe that it is in the interests of labour generally to have this type of legislation. I think it was the province of Alberta that took the lead in this field. They have introduced similar legislation. It is therefore not something that is new to us. I recall vividly the benefits that resulted from that legislation with regard to the teaching profession. Some people object to having dues paid to the union by the members. But it was our experience that our teachers'

organization in that province could not function efficiently unless they had some source of continuing revenue. It was difficult at first for us to keep our organization intact because very few paid into that organization continuously.

Mr. Byrne: Will the hon. member permit a question?

Mr. Johnston (Bow River): Yes.

Mr. Byrne: Can the hon. member tell me in what year Alberta introduced that measure?

Mr. Johnston (Bow River): I cannot remember the exact date when it was introduced, but I would think the legislation has been in effect for about five or six years.

Mr. Byrne: For teachers?

Mr. Johnston (Bow River): Yes.

Mr. Byrne: In British Columbia we have had it for everybody since 1946.

Mr. Johnston (Bow River): It could have been even longer than five or six years. I cannot just say what the date was. But if the hon. member's province has had it, I would think he should be doing everything possible to facilitate this legislation in this house so it will be incorporated in the labour code.

Mr. Knowles: He is.

Mr. MacDougall: He just finished.

Mr. Knowles: The hon. member for Kootenay East (Mr. Byrne) spoke for the bill.

Mr. Johnston (Bow River): I shall come to one of his suggestions in a moment. Maybe I should deal with it right now, Mr. Speaker. The hon. member for Kootenay East says he is in agreement with the measure. Then why, in the same breath, does he recommend that it be sent to another committee of this house, or why does he prefer to have it sent to a royal commission? He knows what the result will be. He knows that if it is sent to a royal commission it may take a few years before it ever comes back here. If it goes to a committee of this house—

Mr. Byrne: I rise on a question of privilege. If the hon. member is saying that I recommended that it go to a royal commission, may I say that he has misinterpreted my words entirely. I was referring to the speech made by the Leader of the Opposition (Mr. Drew).

Mr. Johnston (Bow River): Mr. Speaker, I will have to accept the hon. member's statement; I assume that it is correct. I am sure it is. I was not in the house all the time he was speaking because I was attending a committee. However, I think the hon. member did tell us that it should go to a committee of the house, did he not?

Mr. Byrne: No.

Mr. Johnston (Bow River): Then the hon. member is entitled to more credit than I was giving him.

Mr. Knowles: Give him full marks on this occasion.

Mr. Johnston (Bow River): Yes; I will give him full marks on this occasion. I hope he will give us every assistance.

I was speaking about our organization in Alberta and the benefits which were derived from it. We found this in our organization, and the same thing applies to every union. A great many people who fail to contribute regularly to the union derive the benefits which the union gets for them. As a result of experience in our province we found that some of the teachers would not enter the union until they got into difficulties. Then they would pay their dues for perhaps a year or two until their particular difficulties were settled, whereupon they would cease to pay from then on until they got into trouble again. Obviously a union cannot function in that way.

When the hon. member for Timiskaming was speaking she had something to say about the rights of union members. She did not think that the check-off should be compulsory. I agree with her entirely, but this is not a compulsory measure. It has nothing to do with compulsion. If it did have any compulsion about it I too would be against it. But this is a voluntary thing. The member of the union merely gives a written statement to his employer authorizing the deduction of the dues from his pay. If he decides at any time to withdraw that authorization all he has to do is write a little note and say that he no longer desires to pay dues to the union. That is the end of it. I do not think there can be any objection from that point of view.

We in the house remember only too well the opposition to a measure of this type that has been put forward in the past. I was a member of the committee of 1948 which reviewed this question. The committee was in favour of the check-off, but when the bill was brought back to the house—this was during the time the late Humphrey Mitchell was minister of labour—an amendment was moved withdrawing the check-off provision. Of course it carried, and the result was to kill the effect of the whole bill.

The question of the check-off was again sent to a committee in 1953, and again the committee recommended the principle of the bill. It seems to me that is sufficient evidence to indicate that members of the house generally are in favour of the principle. I know the Minister of Labour (Mr. Gregg) suggested that some changes will be made when the amendments to the labour code he has in mind are brought forward, but I do not think he has informed the house yet whether or not this will be one of the changes. Nevertheless the matter is before the house now, and I think this is a good time for the house to express its opinion so the Minister of Labour will have a little bit more backing for the inclusion of such a provision in his proposed amendments.

I want to make it very plain that one thing which I do object to is trade unions taking part in politics. The larger part of my riding, before redistribution, was industrial. Drumheller and east Calgary are highly industrial areas. We have unions there composed of members with all sorts of political beliefs. There are C.C.F., Social Credit, Liberal, Conservative and even communist supporters. They contribute to the unions. I do not think a union should use its funds to sponsor any political party in an election, or for other political purposes.

Mr. Knowles: Would you let the manufacturers do so?

Mr. Johnston (Bow River): No, I do not think that as an organization they should do it either, but two wrongs do not make a right. In our province it causes a good deal of hard feeling.

Mr. Gillis: Mr. Speaker, I rise on a point of order. Do you want a debate on whether or not unions should take part in politics? Is that subject relevant to this bill?

Mr. Johnston (Bow River): Yes, it is very relevant. It is relevant to the extent that when unions use their money to assist political movements such action has a very disturbing effect on their membership. Union funds are made up of contributions by all members, or perhaps I should say that the unions hope all members will contribute, and the bill before us will assist unions to obtain a greater amount of revenue. I have found that one thing that disturbs labouring people in my constituency particularly is that they are asked to contribute money in the form of fees and then the unions sponsor a political party which all the members do not endorse.

Mr. Barnett: Would the hon. member permit a question?

Mr. Johnston (Bow River): Certainly.

[Mr. Johnston (Bow River).]

Mr. Barnett: Does the hon. member not think it might be better to allow the unions to settle that matter themselves rather than for us to try to settle it here?

Mr. Johnston (Bow River): That is exactly what we are trying to settle here in one particular part of the labour code. We are trying to introduce this agreement, in order to assist unions to obtain greater financial revenue with which to carry on their operations. That comes right within the scope of the bill. Speaking from my own experience as one having a labour riding, I do not think union members should be forced to contribute to any political party in which they do not believe. Some may say that all they have to do is to vote against such action when the matter comes up at the union convention, but past experience shows that while a great many may object, the motion is carried at the convention. Therefore they have to contribute to a political party. If such were not the case I believe there would be greater satisfaction among union members, and it would lead to greater unanimity of thought in the betterment of the unions.

What I have said on this point does not detract from my support of this particular measure. We have always favoured the check-off and do now, but we think the unions should use a little more discretion in the way they spend their money for the betterment of the unions.

An hon. Member: Six o'clock.

Mr. Deputy Speaker: May I remind hon. members that at eight o'clock the house will resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

On clause 308—*Pretending to practise witchcraft, etc.*

Mr. Knowles: I suggest very seriously, Mr. Chairman, that the minister at least try to find some other word for the heading which precedes this clause. Some of us were speaking a bit jocularly, perhaps, before five o'clock, but I suggest in all seriousness that

in this day and age we do not believe in what is meant by the word "witchcraft", and it hardly seems appropriate now that we should have a law against it.

I went to one of the offices a few moments ago to look up the definition of witchcraft in a modern dictionary. I find it given as follows:

> The occult practices or powers of witches or wizards, especially when regarded as due to dealings with the devil . . .

On the other hand, also in the same dictionary which I believe was Funk and Wagnalls, it says that witchcraft was formerly a crime and it goes on to point out that in the earlier days it was punishable by burning at the stake. I have found it interesting to read some of the case law on the subject as it is set out in Tremeear. I do congratulate last year's special committee for putting the word "fraudulently" in this new section. It is clear from pages 497 and 498 of Tremeear that as matters stood under section 443, almost any form of fortune telling, or pretending, as spiritualists, to be able in seances to receive messages from the spirits of the dead, came under the ban of the Criminal Code.

Mr. Justice Robson, in our own province of Manitoba, on one occasion made the comment that it might be that undertaking to tell fortunes by palm reading would amount to a violation of section 443 of the Criminal Code. The minister knows as well as I do, perhaps better, that that comment was drawn from the precedents which had been established, for example in Stonehouse *v.* Masson, where a decision was made by a court of five judges that *mens rea* was unnecessary in this offence. There are a number of other citations with some interesting mouthfuls of Latin which I need not mention now.

I think it is fair to say that section 443 as it stood was certainly very wide in its coverage. I am glad that if we must have something of this nature in the code, we have modernized it a bit by putting in the word "fraudulently". I think for appearance, if for no other reason, we should go a bit further and see if we cannot find a better heading than the word "witchcraft". As a matter of fact, if I may be permitted this slight digression, I might say that if we need anything along this line today what we need is a law not against witchcraft but against witch hunting.

Mr. Garson: I entirely agree with my hon. friend. As a matter of fact the most inappropriate part of this section is its heading. It is the heading that has created a lot of misunderstanding as to the nature of the section. I would go my friend from Winnipeg North Centre one better and say that this section does not deserve a heading at all. If we take the heading out, the next preceding heading in Bill No. 7 is "false pretences" of which the offence under section 308 is another one. This is just another kind of false pretence of fraudulently pretending to put the victim in communication with Marcus Aurelius and that sort of thing.

Mr. Knowles: That would still leave the word "witchcraft" in the section itself, which I think is perhaps unnecessary. But at least the minister has gone a long way, and I will not press him any further, if he will move an amendment to strike out the heading "witchcraft".

Mr. Garson: Suppose you move it.

Mr. Knowles: I move, Mr. Chairman, that Bill No. 7 be amended by striking out the heading "witchcraft" where it appears between lines 19 and 20 on page 102 of the bill.

Mr. McIvor: I feel that having this heading of "witchcraft" would help a student or a lawyer find this more easily.

Amendment (Mr. Knowles) agreed to.

Mr. McIvor: I should like to ask a question on this clause. Supposing a person paid $2 to one of these people who promised to find a lost article and he found the lost article, would that be considered fraudulent?

Mr. Garson: I think that would be a case of value received.

Clause as amended agreed to.

On clause 309—*Forgery.*

Mr. Fulton: I am just going to bring up a small point concerning the insertion of some commas in paragraph (b) of subclause 1. After the words "some person should be induced", would the minister insert a comma, and then insert another comma after the word "genuine"? I think it makes the meaning more clear.

Mr. Garson: Insert a comma after "induced", is it?

Mr. Fulton: Yes, and another one after the word "genuine", so it would read:

> that some person should be induced, by the belief that it is genuine, to do or to refrain from doing anything . . .

Mr. Garson: We would certainly accept that if my hon. friend would move it.

Mr. Fulton: I would move, Mr. Chairman, that in line 34 a comma should be inserted after the word "induced", where that word occurs, and that in line 35 a comma should be inserted after the word "genuine", where that word occurs.

Amendment agreed to.

Clause as amended agreed to.

Criminal Code

On clause 310—*Punishment for forgery.*

Mr. Fulton: I have a question here which could probably be answered by the principles of the law surrounding corroboration. I wonder if the intention here is to require the corroboration of another witness or whether the corroboration could be afforded by the document itself? In other words, it says:

> No person shall be convicted of any offence under this section upon the evidence of only one witness unless the evidence of that witness is corroborated in a material particular by evidence that implicates the accused.

If a witness is giving evidence and says that a document is forged, would the document itself be corroboration of the evidence of the witness, or would it require another witness or another document?

Mr. Garson: No. I think the clear meaning is, as the clause states, "corroborated in a material particular by evidence that implicates the accused." There is no indication that that has to be evidence given orally by another witness.

Mr. Fulton: It would be broad enough to include the document complained of? If something in the document substantiates the statement of the witness, the minister thinks that would be corroboration within the meaning of the clause?

Mr. Garson: Yes.

Clause agreed to.

Clauses 311 to 324 inclusive agreed to.

On clause 325—*Fraudulent manipulation of stock exchange transactions.*

Mr. Knowles: What is involved in this clause, and how far does it go? What kind of stock market transactions are illegal?

Mr. Garson: These are what are usually known as wash sales. It is a repetition of section 444A in the existing code, with no change.

Clause agreed to.

Clauses 326 to 338 inclusive agreed to.

On clause 339—*Salting mine.*

Mr. Adamson: Is this an increased penalty for salting?

Mr. Garson: Yes, that is right. The committee considered this at some length and thought it was desirable to offer further discouragement to this practice. Therefore the penalty was increased.

Clause agreed to.

Clause 340 agreed to.

[Mr. Fulton.]

On clause 341—*False employment record. Time clock.*

Mr. MacInnis: I do not remember the discussion of this clause in the committee. I am wondering what is involved in this reference to punching a time clock. Would an employee in a factory be subject to arrest and conviction if he punched a time clock for somebody else, or someone else punched it for him? It seems to me this is a rather small thing to have in the Criminal Code. Perhaps it is not, but I should like to have the minister's explanation.

Mr. Garson: Mr. Chairman, section 415A (b) and (c) in the present code from which clause 341 was taken was passed following the enactment in 1935 of the Minimum Wages Act, the Weekly Rest in Industrial Undertakings Act and the Limitation of Hours of Work Act. All of these acts, as my hon. friend probably recalls, were declared to be ultra vires, and this section 415A was provided to continue the provisions contained in it after these other acts had been declared ultra vires.

Mr. MacInnis: I can understand that if an employment record being used by the unemployment insurance commission, or some such organization, were falsified there might be some reason for prosecution. However, I cannot see the reason for this reference to the punching of a time clock. It says:

> Every one who, with intent to deceive . . . punches a time clock, is guilty of an offence punishable on summary conviction.

This seems a rather small thing to have in the Criminal Code.

Mr. Garson: The hon. member will recall the new deal legislation put through in 1935, or some time before that, of which this was a part. When that legislation was declared unconstitutional this particular section was taken from it and put into the Criminal Code, where it has remained ever since. In revising the Criminal Code we have just carried it on. The hon. member will notice that the offence is punishable only on summary conviction. I think it is clear that if an employment record is falsified or a time clock punched in a manner designed to deceive, it is really obtaining wages under false pretences.

Mr. MacInnis: The punching of the time clock would be part of the falsifying of the employment record, would it?

Mr. Garson: That would be one way of doing it.

Mr. Gillis: I agree with the hon. member for Vancouver-Kingsway that this should not

be in the Criminal Code at all. The manner in which an employer requires his employee either to punch a time clock or sign a sheet, in and out, is a matter of arrangement between employer and employee. To bring it in as an offence under the Criminal Code in my humble opinion opens up many kinds of abuses, if you happened to be dealing with an employer who is not reasonable.

It could happen right in this building. A stenographer could sign a sheet coming in and going out. If she wished to leave a half hour earlier to get her hair fixed up, or if she was feeling indisposed, her member might say, "You may go now." One of the other girls might sign her out, or an arrangement might be made with the boy at the desk whereby she would be signed out. Under this clause of the Criminal Code that could be considered an offence. The same applies in a steel plant or a coal mine. They have their methods of keeping the records of employees as to their coming in and going out. I suggest it is a matter of agreement between employers and employees, and that is where it should be left.

That part of the clause dealing with the falsification of records is all right, and could be used in its relationship to the Unemployment Insurance Act and other measures. But how you go in or go out should be a matter of arrangement between employer and employee, and it should be left as it has been in the past. I suggest that paragraph (b) should be eliminated.

Mr. Garson: I am in a bit of a weak position in this matter, since we have already gone quite a long distance to meet the viewpoint that my hon. friend is now enunciating. Under section 415 (a) of the Criminal Code:

> Every one is guilty of an indictable offence and liable to two years imprisonment or to a fine not exceeding $5,000, or to both such imprisonment and such fine who, knowingly:
> (b) falsifies . . .

—and so on. Now, at least my hon. friend must give the commission and the committees who have laboured upon this full credit for having reduced this to a summary conviction offence, as it is in the bill now before the committee. In that connection, when bringing down a new code it would be a little bit difficult to maintain all the other offences intact and let this one go. The commission has not done too badly in all the circumstances.

Mrs. Fairclough: I wonder whether there is going to be any differentiation between an individual who in a single instance might falsify an employment record, and the wholesale padding of payrolls.

Mr. Garson: If my hon. friend will read the clause she will see that it is very clear there. It says:

> Every one who, with intent to deceive,
> (a) falsifies an employment record, or
> (b) punches a time clock,
> is guilty of an offence punishable on summary conviction.

This means that the accused is merely brought before a magistrate and the fine is usually fairly nominal. As I say this offence, which in the new deal legislation of 1935 was treated as a very serious indictable offence with large penalties, now has been substantially reduced, and I question very much whether with propriety we could effect a greater reduction. Bringing it down to a summary conviction offence puts it very much in perspective, I think.

Mr. Cameron (Nanaimo): Has the minister really thought of all the implications of this punching the time clock? It is not very many months since I was punching a time clock; in fact it is less than a year. I know if this had been in force at the time and I had been prosecuted I would have been haled in front of the magistrate almost every working day of the week.

Mr. Garson: May I put it to my hon. friend that he is in a worse position than that. Under the law as it is at the present time he would not merely come up before the magistrate, he would come up on an indictable offence for which he could get two years, or a $5,000 fine, or both.

Mr. Cameron (Nanaimo): That makes it even worse. I ask the minister, then, would he suggest that it is any part of the business of the courts of this country, for instance, to arrest a man because he had left the place of his employment and sneaked off five minutes, ten minutes or fifteen minutes ahead of time? Would he think that was any part of the job of the courts of this country? Is that not a matter between the employer and the employee? If the employer thinks fit he will fire a man for that?

Mr. Garson: Would my hon. friend say that when a stock promoter comes and fraudulently separates one from $100 or $200 or $500 of hard-earned money, that is a matter only between the salesman and the man who is cheated? I do not think so.

Mr. Cameron (Nanaimo): That is an entirely false analogy, Mr. Chairman. I think that is a straw man the minister has stuck up to knock down with vigour. The fact of the matter is that this clause does take over the job of the employer. It puts on the courts the job of enforcing the conduct of

an employee, the work that a competent employer should look after himself, which is to see that his employees give him honest service. If through carelessness on the part of the employer an employee is able to rob him through false punching of the time clock, whether it be a matter of a few minutes—which is always the case in big plants where the man who drives a car gets someone else to punch the time clock for him while he himself gets the car out of the parking lot, which is illegal under this clause, and it is always carelessness on the part of the employer when that is done—it is no part of this parliament and no part of the courts of this country to do work for employers that they should do for themselves.

Mr. Barnett: Mr. Chairman, with all due deference to my colleagues, on a previous reading I had not seen in this particular clause what they have apparently seen. If this clause were used in the manner in which they have suggested it could be used, then I would be in agreement with them; but the impression I formed from reading it was that this clause was designed to protect both the employer and employee from the wilful falsification of employment records or the wilful punching of a time clock, such as might be done by someone who had a grudge against me and who took this method of wreaking his anger upon me.

I would suggest that by a little rearranging of the words of this clause it might be made plain that something of that sort is the intent, and not what has been suggested by my colleagues. If it were to read "with intent to deceive, falsifies an employment record by punching a time clock or other means", then I think it could be made clear that it is intended to protect people from the wilful misuse of various facilities used for keeping the time of workers. I would say that also would be a protection as far as paragraph (a) is concerned, if an employer through his agent were to falsify employment records with a view to short-changing the employee on his pay cheque. A little rearranging of the wording could make it clear that it is that sort of thing the clause is designed to protect against. It is designed to protect both sides from infractions.

Mr. Garson: With great deference, for I agree with the point my hon. friend is making, I would say that the wording as it is now clearly covers it. If an employer comes along and falsifies his employment records for the purpose of cheating his employees he is just as guilty as the employee who falsifies them.

[Mr. Cameron (Nanaimo).]

The law applies to everybody. Or in the case my hon. friend speaks of, if some enemy who had a grudge against the workman came and falsified his record with intent to deceive, he would come under the clause.

The section, much more onerous than the present clause, has been in effect for pretty nearly 18 years. Speaking for myself, I must say that when we considered this it was the first time that I knew it existed. I think that is probably true of most hon. members.

Mr. Cameron (Nanaimo): It is the first time I knew of it.

Mr. Knowles: I have another question I want to ask, if we are through with that aspect of the matter. I notice that section 415A which clause 341 replaces also had a subparagraph (e) which made it an offence to employ any child or minor person contrary to any law of Canada. Am I to understand that that subparagraph was found to be ultra vires, or is there any other federal law against child labour?

Mr. Garson: I cannot answer my hon. friend's question offhand as to whether that was a part of the law which was declared to be ultra vires. The whole of this law, as I understand it, was in the new deal legislation of 1935 and when that legislation was found to be ultra vires section 415A, as it appears in the present code, was set up to take the place of those provisions as they appeared in the new deal legislation which was declared to be ultra vires.

I believe the reason the clause to which my hon. friend referred was not carried into the present section is that there are clauses in other labour laws in the country which cover that matter; and when we bring the present offence down from an indictable offence to a summary conviction offence there is no purpose in retaining clause 415A (a) and (e) which will be in effect by bringing in the new clause which is now before the house.

Mr. Knowles: There is one point on which I certainly agree with the minister and that is that legislation respecting matters of this kind would be more appropriate in our labour legislation rather than in the Criminal Code.

The Deputy Chairman: Shall the clause carry?

Some hon. Members: Carried.

The Deputy Chairman: Does the hon. member for Winnipeg North Centre wish to speak?

Mr. Knowles: I defer to my friend from Nanaimo.

Mr. Cameron (Nanaimo): Mr. Chairman, I move that clause 341 be amended by striking out the words "or (b) punches a time clock" so that the clause as amended would read:

> Every one who, with intent to deceive,
> (a) falsifies an employment record, is guilty of an offence punishable on summary conviction.

The Deputy Chairman: Would the hon. member for Nanaimo please write out his amendment and send it to me.

Mr. MacInnis: Mr. Chairman, I would like to say a word before you put the amendment to the committee. It has just occurred to me that this is a record of labour time. When the international labour organization was set up it was declared that labour was not a commodity. Now, if labour is not a commodity I do not see that there is any need for a clause of this kind, because it would appear that no one has been defrauded even if a time clock is wrongly punched.

I agree with the hon. member for Nanaimo that when a man wrongly punches a time clock, whether it is his intention to deceive or otherwise, it should be a matter between an employer and an employee, and discipline should be in the hands of the employer and not written into the Criminal Code.

Mr. Enfield: Mr. Chairman, before you put this amendment there are a few observations I would like to make in regard to this clause. I believe hon. members opposite are inclined to give too little attention to the words "with intent to deceive". Anyone who has had any experience in presenting such cases in court will realize that it is very necessary to absolutely prove the intent, and no one would lightly lay such a charge unless this intent to deceive were present in no uncertain terms.

There seems to me to be some assumption that the clause in all its sections is drawn to protect the employer more than the employee, but there is protection on both sides. An employer by taking the time cards and punching the time clock at different times could obviously obtain a great advantage for himself, just as the employee could. In any event, according to the way the amendment reads, if you merely remove the line "or (b) punches a time clock", you leave the falsification of the employment record. But falsely punching a time clock is in effect falsifying an employment record, so in my opinion the amendment does not accomplish anything.

I would therefore submit on that basis that the clause as it stands is a protection to both parties. The minister has pointed out that during the past 18 years, to his knowledge, we have never come to any real grief in regard to this, and it seems to me it should be left as it is. Apart from that, the offence has been cut down to a point where it involves merely a summary conviction, and I believe we will lose more than we will gain by amending this clause.

Mr. Ellis: The suggestion that because the penalty has been reduced the law is in any way changed is not a proper basis, I believe, from which to view this clause. If the law states that a group of employees by taking certain action are breaking the law, then in the eyes of the law they are lawbreakers regardless of the penalty.

Mr. Garson: On a point of privilege, Mr. Chairman, I had something to do with the drafting of this law and I want to say there is no basis for a suggestion of that kind. There is no reason for any person in this house assuming for one moment that this is any more applicable to an employee than an employer. As a matter of fact the employer who wants to cheat is in a far better position to do so on a basis that will give him some real return than is the employee who wants to cheat the employer.

Mr. Ellis: Mr. Chairman, could I ask one question? The minister has suggested that he did not know this particular clause existed, the implication being that since it has not been used it does not matter whether or not it is left out. That is the point to which I would like to refer. Because a clause of the Criminal Code has not been used, or because it is not likely to be used, is not a valid reason for retaining in the code a clause which does not meet the purpose.

Mr. Garson: May I ask my hon. friend a question?

Mr. Ellis: Yes.

Mr. Garson: Would he suggest that if in his community they had not had a murder for five years, they should remove from the code the prohibition against murder?

Mr. Ellis: No, certainly not, Mr. Chairman. That is another straw man such as the one raised a few minutes ago. I do not think that is any valid comparison at all. The suggestion has been made that since this section has not been in use or rather that since it has not been applied, there is no particular reason why it should not be kept in the code.

My suggestion is simply this. Whether a man is actually brought before a court and tried for an offence or not, the fact is that under this section Canadian citizens are going to be lawbreakers; they are going to be breaking the law. Whether or not they

are going to be running any great risk of being punished for it, the fact is that in the eyes of the law they are lawbreakers. For that reason I think that this section should be amended in the manner suggested by the hon. member for Nanaimo. I have not heard any valid reason suggested this evening to indicate why this provision should be retained. If an employer is not satisfied that the employee is giving good service, then the employer has it in his power to punish him by whatever measures he deems necessary, even to the point of dismissing him.

It seems to me that is the way this problem should be tackled, and not from the standpoint of the Criminal Code or the law enforcement officers. This is a matter which the employer himself should take care of, and where he should take appropriate action against any employee who is not giving full value for the wages he is receiving.

Mr. Shaw: Those of us who served on the committee of the House of Commons which studied Bill No. 7 will recall that the Trades and Labour Congress and the Canadian Congress of Labour both appeared before us, presented their briefs and remained with us for some time for the purpose of questioning. I personally have no recollection of either of those two labour organizations taking exception to this section. May I ask the minister if he has any such recollection?

Mr. Garson: No, I have not.

Mr. Fulton: May I ask the minister one thing that may help us in making up our minds on the amendment. Is it his view that subclause (a), "falsifies an employment record", embraces the punching of a time clock?

Mr. Garson: Yes, I think it does, because a time clock is an employment record. If my thought be correct, then it is going to leave the employee who punches it doing so while not being as familiar as he should be with the fact that it is in breach of the law.

Mr. Fulton: The minister's point there is that he would rather see paragraph (b) kept in not so much because it is necessary for the completeness of the law, but that it is necessary as a warning to those who might otherwise offend?

Mr. Garson: Of course.

Mr. Fulton: I understand.

Mr. Gillis: The minister has not offered many good reasons why it should be kept in there. He tries to justify it by saying that it has been there for 18 years and has never been used, and that it has been modified. That is correct. But this Criminal Code has not had very much advertising in the last 18 years, and it is getting a great deal of advertising right now. We may smarten up the employer to the point where he will say, "Why should I be getting in trouble over taking my employees to task for wrongfully punching the clock or getting someone to punch it for them? Why do I not just turn them over to the law enforcement officers? Then I do not get in trouble with the union".

As for the second point, that it has been there a long time and has not been used, the minister will recall that only within the past few years you had a strike here in Ontario where the employer was exceedingly anxious to crash the picket line but could not find any law against peaceful picketing. They therefore dug away back into the archives and found the law covering watching and besetting. They dragged that law out of the mothballs and used it rather effectively.

I agree with the hon. member for Nanaimo that this matter of the time clock should be out. The minister says it works both ways, or that it is protection both ways. The employer does not punch a time clock, and he is not affected. It is the person who punches the time clock who is affected and about whom I am concerned. I can envisage all kinds of people across this country getting convicted in court for little practices that have grown up over the years and that have become laws by themselves. The employer has all kinds of protection already, in my opinion, with the paragraph "falsifies an employment record"; that is enough. But when you make that time clock stand out like a sore thumb, it is a short-cut.

I know if I were heading up National Steel tomorrow and I was losing a lot of minutes on the time clock, with the signing of sheets in and out, instead of firing four or five men as a matter of discipline I would say, "Why should I get in wrong with the men? I am likely to have a stoppage of work over it. I will therefore call in the law enforcement officers and lay charges against three or four men. They will pay fines, and they will have a conviction against them in court." It is an easy way out for the employer.

In view of his own admission that in 18 years we have not used it and that we do not anticipate using it, I think the minister would be well advised to have it taken out. Let us take out that time clock provision as is suggested by the amendment of the hon. member for Nanaimo. Let us try it with the first part of the section only and see how it works over the next two or three years.

Mr. Montgomery: I am sorry, but I cannot support the amendment. I think there is some protection there for the employee. While it has not been used, perhaps that has been through the good fortune that they have not had any bad employers. I feel that the paragraph should be left there. There are possibilities. It may be one and the same thing. I am not too familiar with how payrolls are made up, but strictly from the legal standpoint I think I can see where it is a good thing to have it there. Even if it has not been used, as the minister said a few moments ago, that is no reason why we should take it out of the code.

Mr. Knowles: Like the hon. member for Victoria-Carleton, I should like to look at the matter from the legal viewpoint. The minister has drawn attention to the fact that what is now before us is a boiling down of what was in section 415A. May I point out that section 415A had five subparagraphs. I have read it two or three times while this debate has been going on, and I think it is fair to say that section 415A, taken in its entirety, had provisions which were beamed in some respects more often at employers and in other respects more often at employees. I think it is correct to say that paragraphs (a), (d) and (e) of section 415A were more likely to be violated by employers than by employees, whereas paragraphs (b) and (c) were more likely to be violated by employees than by employers. The minister shakes his head but I think that is a fair summary of section 415A as it stood.

When you come along and take out three parts of that section, and those parts are paragraphs (a), (d) and (e), I think you leave something that has a different flavour from the context of the whole section as it stood before. I point out that Tremeear—and that is my authority when the hon. member for Kamloops is not ready to advise me—suggests that section 415A has been inoperative since the courts ruled ultra vires the so-called Bennett new deal legislation.

Mr. Garson: Did my hon. friend say that it has been inoperative since then?

Mr. Knowles: Perhaps I had better—

Mr. Garson: Oh, no.

Mr. Knowles: —read exactly what is said.

Mr. Garson: It was put in here because it was inoperative in the other form, in order to make it operative here.

Mr. Knowles: With regard to the new deal legislation, Tremeear says:

> These acts were all held to be ultra vires, and section 415A, while it does not appear to have been referred to the courts, would presumably fall with them, with the possible, but doubtful, exception of paragraphs (b) and (c).

Paragraphs (b) and (c) are the subparagraphs that are found in clause 341 of the bill. Notice, however, that Tremeear says they may possibly be excepted from that statement that section 415A falls with the new deal legislation, but he casts doubt even on that. I will read those words again:

> . . . section 415A, while it does not appear to have been referred to the courts, would presumably fall with them, with the possible, but doubtful, exception of paragraphs (b) and (c). In any event, whether or not the section is ultra vires, it is clearly inoperative, with the possible exception referred to, since it refers to "any law of Canada", and there is, and can be, no such law.

It seems to me that from quite a legalistic point of view there is some doubt as to whether that portion, two-fifths of section 415A, should have been carried forward, and I wonder whether the minister would not consider letting the clause stand and giving some further thought to it. I have not noticed that he is very sympathetic as yet toward the amendment moved by the hon. member for Nanaimo, but if he were to give the matter further thought the idea might commend itself to him.

Mr. Garson: I really owe a debt of gratitude to my hon. friend, because I was afraid he was going to ask why the other three clauses were left out. Instead of that he has got up and given the very explanation for which I thought he was going to ask me. I thought his line of attack might be, why did you save these two particular provisions? Why did you carry them forward and leave the other three behind? He has just finished making an excellent statement as to the reason for that.

Mr. Knowles: The minister does not interpret Tremeear in the same way I do.

Mr. Garson: Well, that may be. There is also the additional reason that clauses (a), (d) and (e) all refer to a man doing something which is contrary not only to the code but to other laws of Canada, whereas (b) and (c), the ones we are concerned with here, simply describe as an offence the act of falsifying an employment record with intent to deceive, which would seem to me to be clearly within the provisions of the criminal law, or the act of punching any time clock with intent to deceive, which would be equally within the jurisdiction of the dominion government under its control over the criminal law of Canada.

In view of the fact that the record of employers and employees in Canada during the past 18 years has been so good under

this law that it has not been necessary to invoke it very often, I am a little bit more optimistic than the hon. member for Cape Breton South in that I have great confidence that just as we have not had any occasion to use this law during the past 18 years, I do not expect that we will use it in the future. But I cannot imagine a weaker argument against a provision in the criminal law than to say that because we have law-abiding citizens we should repeal the Criminal Code.

When we enact this clause 341 I think we will carry on in the future as we have in the past, and I hope and anticipate that we shall not have to invoke this clause at all. I am fortified in that view because while all the big labour organizations came before the committee and made excellent representations upon other parts of the Criminal Code, I do not remember them raising any objection to this provision. I think they were wise in that, because I think any fair reading of the law will indicate that it protects the employee just as much as the employer.

Mr. MacInnis: Would this apply to members of parliament who sign a form as to days absent every time they receive a pay cheque? If there were any falsification, would this law apply?

Mr. Garson: I am afraid I did not hear my hon. friend's question.

Mr. MacInnis: Members of parliament have to sign a form indicating the number of days they have been absent from duty. Could a member of parliament be charged with falsifying an employment record with intent to deceive?

Mr. Garson: That is an opinion I would rather hesitate to express, for this reason. I have always understood the indemnity of the member of parliament to be what it is termed, an indemnity for the time he loses in carrying out his duties as a member of parliament. While I have never had occasion to check the matter carefully, I would be inclined to suspect that the relationship of employer and employee does not exist with respect to the indemnity that a member of parliament receives. Whether that situation will be changed when we are paid on an annual basis I do not know, but I rather think the position has been maintained that we are still members of parliament and have that independence. The opinion my hon. friend seeks is one that I would prefer not to express without going into the matter more carefully.

Mr. Byrne: I find it somewhat difficult to follow the reasoning of some hon. members, particularly that of the hon. member who proposed the amendment to this clause. First of all, I feel that it is a reflection upon the integrity of the multitude of people who are working and punching time clocks, and I may say that I have heard that old bell ring many times. I cannot conceive of any way in which it would be possible to falsify time clock records unless one were to punch two numbers and by some means or other take two full pays for a day, a week or a month. Certainly if that is done it is a completely dishonest act, and is the same as any other kind of stealing.

What surprises me more is the suggestion that this provision would take away from a union the responsibility of managing its affairs. I have had the responsibility of drawing up a considerable number of clauses in union agreements, and I do not remember ever seeing one instance where a union endeavoured to protect a dishonest worker.

There is one way in which a workman might falsify records, and that is by going home three or four hours earlier and having someone punch the clock for him when the time arrived. I have seen that happen, and certainly when the individual was caught in the act he was not haled before the courts, nor was he discharged. He was given a reprimand and told that sort of thing just could not continue when he returned to work. Either he had to stay on the job or he would not have a job.

There is another way in which a man might falsify the record. He might punch the clock, then go into the factory and not do any work all day. In such a case the union might attempt to prove that the man had accomplished a regular day's work, but that would be the union's responsibility. Possibly that would not be the type of falsification this clause contemplates. It is nice to be friends to all men, but let us be reasonable. If a person is dishonest, whether he is an employer or an employee, I think all should be handled in the same manner.

Mr. Fulton: I wonder if I could suggest an amendment to the amendment which might get us out of some of this difficulty. I can appreciate the view of those who feel that the setting out of the time clock in a separate subclause might appear to be aimed at the employees, although I do not share that view myself. On the other hand surely a man, whether employer, employee or anyone else, who does a dishonest act must expect to take the consequences of it. I think it is quite proper, therefore, this being a dishonest act, that it should be included in the code and subject to punishment.

I was impressed by what the minister said, that he felt subclause (a) would embrace subclause (b) but that subclause (b) should be in there to draw attention to the fact that the dishonest punching of the time clock is also a criminal offence. I wonder, therefore, if we could not reconcile all these difficulties by the following, which I move as an amendment to the amendment:

That clause 341 be amended by deleting therefrom all the words after the words "Every one who, with intent to deceive", and substituting the following: "falsifies an employment record by any means, including the punching of a time clock, is guilty of an offence punishable on summary conviction."

That takes out the time clock as a separate subclause, and just includes it as an example of the falsification of an employment record.

Mr. Hansell: We have been doing quite a bit of talking about this time clock business, but I think perhaps I shall take a little more time. I have never punched a time clock in my life, but I have quite a few people in my constituency who do punch time clocks. I trust that we have not overlooked this fact. It seems to me that this is a protection for the employer in case one of his employees leaves an hour or so early and gets a friend of his to punch the clock for him. The hon. member for Kootenay East has said that the friend will punch the clock twice, once for himself and once for his friend.

Now then, who is the criminal in that case if the offence is under the Criminal Code? Who is it that has deceived? It is the man who leaves work a half an hour early and is paid for half an hour's work that he does not do. He is stealing from his employer half an hour's wages, but he is not the one who gets punished. It is the friend who punches the clock who is punished under this section, yet it is the other man who steals the money.

It appears to me that if you look at this in another light you will get the picture. A man robs a bank. He is the criminal who steals the money. He rushes out the door of the bank, jumps in a car and is driven away by his chauffeur. It is the chauffeur who is punished as well as the thief in that case. In this case of the time clock, however, the man who leaves work early and steals the half hour's wages does not come within the provisions of this section. I do not know whether or not that has been brought out.

In so far as the employer is concerned, I do not suppose any employer ever punches a time clock. It is conceivable that he might slip out into the hall and punch the clock for two or three of his employees an hour or so ahead of time. At the end of the week there would be a dispute as to how many hours these employees had worked, even though the clock might have been punched later by the employees. Such a case could not very well be settled on the basis of management and employee relationships. It is all very well to say that an employer can fire an employee, but an employee cannot fire his employer, so you have to equalize those two and get something which is fair for both. I do not believe for a moment that there would be many employers who would deliberately punch a time clock to falsify their employees' records. However, it could be done.

The one point I wanted to bring to the attention of the committee was that the accessory after the fact rather than the criminal receives the punishment under this section.

Mr. Cameron (Nanaimo): I sometimes wonder if some of the people who have been discussing this provision really know what a time clock is or what its purpose is. I have yet to see an employer who, for the fun of it, will punch a time clock to give some of his employees a day's wages if they do not happen to be at work. I think we should recognize that the time clock was devised by the employers, and established as a cheap and easy method of keeping accounts. They have, by virtue of their position as employers, been able to enforce the co-operation of the employees in this cheap and easy method of keeping accounts. That is one point we should bear in mind. If they want to do it in that way, that is their right. Let them do it, but they must take the risk of doing it.

There is another matter I wish to mention. I think it is perhaps time some of the facts of industrial life were imparted to some members of this assembly. The truth of the matter is that in a great many plants, in fact I might say possibly the majority of plants, the time clock is placed in such a position that the employer robs his employees every day of a few minutes' time. I shall describe what happened in the plant in which I was working at the time I was elected to this assembly. The time clock was placed a good six or seven minutes walk from the place where I was actually employed. As a consequence, when I came to work in the morning I had to reach that time clock and punch it in plenty of time to take that six or seven minutes walk and be at my place of employment by the time the whistle blew. At night I had to stay on the job until the whistle blew, and then take the six or seven minutes walk to the time clock afterward.

I believe that is the usual state of affairs in plants, and employees resent it very much.

They try all manner of dodges in order to get that six or seven minutes back from the employer.

They do it in this way on some occasions. One man will arrange to punch the time clock at the gate, on his way out, at such and such a time, for the other. This will indicate that the employees had waited at their place of employment the time they would have had to wait had they punched the clock at the right time. All these dodges are employed.

I can tell of another procedure that is being followed; and I might say that it was only a year or so ago, when I worked in one of Her Majesty's dockyards. We were employed there for the time being. The car parking lot was five or six minutes walk away from the drydock. The time clock was opposite the drydock. If those of us who were driving cars had to wait until the actual time for the punching of the time clock before we went down to the lot to get our cars, we would have had to give our employers another five or six minutes of our time. So what we did was this. Those of us who were driving cars got someone else to stay by the time clock and punch it, while we went down and got our cars. All these things could be punished by summary conviction.

I want to conclude by reiterating that the institution of the time clock was chosen by employers because it is a simple and cheap way of keeping records. It means they do not have to keep such close supervision—and it is expensive supervision—of their working force. All right; in those circumstances they should be prepared to look after that device themselves, and not ask the courts to impose penalties for them.

Mrs. Fairclough: One hon. member who spoke a moment ago said that he did not see how a time clock record could be falsified by an employer. Well, it would be a very simple process, and I think this point has been overlooked in the debate. It would be a simple matter for an employer to put in a half dozen extra time cards and charge them up on his payroll, thus evading income tax. It would not be the first time this has been done. Likewise it would not be the first time a timekeeper had done that, and taken the remuneration when it came to him for distribution and put it into his own pocket. Those things are fairly common, and there have been convictions as a result.

So I say we are barking up the wrong tree when we try to pretend that this clause is intended to trap the employee in some of his nefarious schemes to get a few extra minutes of time out of his employer. I think the employee is protected by the clause just as much as the employer.

Having said that, however, I do think the second subclause is redundant. I believe it could all be handled simply under the (a) part of the clause. I believe the minister has already agreed that the second or (b) part is only a matter of warning, and I think he might still consider it from that standpoint. However, I am forced to admit that I think we are making a great noise about something that is not very important because, the practice being what it is, most of these things are caught in the ordinary course of events.

The Chairman: The hon. member for Kamloops has moved that the amendment be amended so that the clause would read:

> Every one who, with intent to deceive, falsifies an employment record by any means, including the punching of a time clock, is guilty of an offence punishable on summary conviction.

I was at first in doubt as to whether the amendment was relevant to the amendment offered by the hon. member for Nanaimo. But, further than that, we have before us clause 341 in a certain wording, and I feel it would be somewhat dangerous to accept an amendment to the amendment in this form. If the hon. member would agree, I would rather accept it in the form of the deletion of certain words and the addition of other words, for purposes of certainty. So if the hon. member would consent, I think the amendment to the amendment might be withdrawn.

Mr. Fulton: I must confess that I offered the amendment to the amendment in an effort to find a middle course, and in the hope that it might be acceptable to the hon. member offering the amendment. I realize that it really does not amend his amendment, but rather states an alternative proposal. However, I have put it forward, and if the hon. member for Nanaimo indicates that he does not accept it as an alternative I would be glad to withdraw it and let him put his amendment. Then, after his amendment is disposed of, I could draw up an amendment in proper form dealing with the clause as amended or as it now stands, if the hon. member's amendment does not carry.

Would the hon. member accept my amendment to the amendment as an alternative proposal? If not, I could then proceed immediately to put it in proper form.

Mr. Cameron (Nanaimo): No, I cannot accept it as an alternative to my amendment.

Mr. Fulton: Then I shall withdraw it.

The Chairman: Has the hon. member for Kamloops leave to withdraw the amendment to the amendment?

Some hon. Members: Agreed.

The Chairman: Is the committee ready for the question on the amendment?

Mr. Castleden: Speaking to the amendment, I should like to say I am quite sure the vast majority of workers throughout Canada would be in favour of having such a clause left out of the code. The practice of punching a time clock is quite flexible and, through time, I think has probably suffered as much by abuse as by use. The matter of proving intent to deceive becomes a sort of legal technicality which most Canadians try to avoid, if possible, and keep out of the courts.

Among its other objectionable features, it seems to me that paragraph (b) has the additional feature, which I think should eliminate it immediately, that it might be used to intimidate employees. I do not think the criminal law was ever intended to be used for that purpose. Someone might say, "This man was guilty of punching a time clock incorrectly on a certain day, and because he did so we maintain he did it with intent to deceive, and therefore he is a criminal." In this way there could be included within the provisions of the criminal law a great many men who otherwise would be considered good workmen.

I do not think that is the intention of the law. I strongly urge the adoption of the amendment, and that the subclause be left out of the act.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Cameron, Nanaimo) negatived: Yeas, 13; nays, 67.

The Chairman: I declare the amendment lost. Shall the clause carry?

Mr. Fulton: It has been emphasized that there may be some thought in the minds of persons immediately concerned that dishonest punching of a time clock is incorrectly made a criminal offence. Also the use of the word "or", it seems to me, would indicate that the intention to deceive by wrongly punching a time clock is different from the intention to deceive by falsifying employment records. If there is any justification for the inclusion of this as an offence, it seems to me the main justification is that it is a falsification of employment records to punch a time clock incorrectly.

Therefore, in order that the matter might be stated in perhaps more acceptable form and, I suggest with respect, a more strictly accurate form, I would move the amendment which I previously mentioned that clause 341 be deleted and the following substituted therefor—you have the words of the amendment in front of you, Mr. Chairman, which I previously wrote out.

The Chairman: Mr. Fulton moves:

That clause 341 be deleted and that the following be substituted therefor:

Every one who, with intent to deceive, falsifies an employment record by any means, including the punching of a time clock, is guilty of an offence punishable on summary conviction.

Is the committee ready for the question?

Mr. Garson: Mr. Chairman, while I do not think it is very necessary that it should be so amended, the amendment does not change the sense appreciably, and is quite acceptable.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Clause as amended agreed to.

Clauses 342 to 344 inclusive agreed to.

On clause 345—*Trader failing to keep accounts.*

Mr. Leduc: Can the minister tell us whether there is a similar clause in the Bankruptcy Act with regard to this?

Mr. Garson: Yes, there is a clause which, without being identical in language, is substantially similar in effect.

Mr. Shaw: Why the figure $1,000? Is that merely an arbitrary figure?

Mr. Garson: Yes, I think my hon. friend has used the correct term. This is an arbitrary figure which has always been in the section and is carried forward in the present clause.

Clause agreed to.

Clauses 346 to 350 inclusive agreed to.

On clause 351—*Passing off.*

Mr. Knowles: This is a new clause, according to the explanatory note. It has been suggested to me that perhaps this is a case of transferring certain offences from the civil list to the criminal list, but I will not press that point too far. I should like to hear from the minister as to what is intended by the wording of clause 351, and whether or not it is felt by the authorities that the clause as drafted will deal with the situation the minister has in mind.

Mr. Garson: Clause 351, Mr. Chairman, while it is indicated on the page opposite as a new section, is a combination of section 488 and 489 of the existing code.

Mr. Knowles: Just a minute. I wonder whether the minister has examined the matter closely. Clause 350 certainly was drawn from section 488 and clause 349 from section 486. I do not see anything in section 488 or section 489 that is a basis for clause 351. The note on the righthand side is correct; this is new.

Mr. Garson: Yes, my hon. friend is right in that. I was in error in what I said.

Mr. Knowles: We will not call that criminal negligence.

Mr. Garson: Just ordinary negligence. The new clause 351 to which my hon. friend refers and the preceding clause 350 have been adopted in general terms largely from clause 7 of the bill revising the Unfair Competition Act to cover the forgery of trademarks and the passing off of goods.

Mr. Stick: I am not quite sure of this, but can the minister answer this question. If I order goods from a firm and they have not the style of goods on hand that I order but send me something else which I did not order will they be guilty under this act of passing off something to me without first ascertaining from me whether or not I want it?

Mr. Garson: No. I think the case my hon. friend speaks of, if I understand his statement of the facts correctly, would give rise to a civil claim against the other party. In these offences here a criminal element of bad faith and an attempt to deceive come in. Clause 351 provides:

> Every one commits an offence who, with intent to deceive or defraud the public or any person, whether ascertained or not,
>
> (a) passes off other wares or services as and for those ordered or required—

If my hon. friend ordered goods of a certain type and the person from whom they were ordered sent along to him the closest approach to those goods which he could supply and called my hon. friend's attention to them, then obviously the only claim my hon. friend would have would be some adjustment in the price, or the like. But if my hon. friend ordered goods of a certain brand name or with a certain trade mark on them and he got from the supplier goods which purported to be that same brand with the same trade mark on them but were very fraudulent imitations, then it would fall within this clause.

Mr. Stick: I may be stating borderline cases, but since union we have done a lot of business with mail order houses on the mainland, and some of our people have claimed that a lot of old stuff has been put off on them; that they have ordered certain goods from the catalogue and did not get what they ordered. They got something somewhat similar, but it was not the same thing. I was wondering whether, if that is so, they would be liable under this clause. I am not mentioning any names now.

Mr. Garson: No; but would my hon. friend not agree that the case of which he speaks would hardly fall under the category of deliberate and calculated attempt to deceive as to the nature of the goods?

Mr. Stick: I would call it a borderline case.

Mr. Garson: Paragraph (b) of this clause 351 goes on as follows:

> (b) makes use, in association with wares or services, of any description that is false in a material respect as to
>
> (i) the kind, quality, quantity or composition,
>
> (ii) the geographical origin—

That is, representing them as coming from one country when they come from another country. I continue:

> (iii) the mode of the manufacture, production or performance of such wares or services.

—where this is a deliberate attempt to deceive the buyer in such a way as to fraudulently induce him to accept goods which are quite different from those he thought he was getting.

Mr. Knowles: Do we understand that the (b) part of this clause would refer to the wholesale or retail trade in respect of, shall we say, clothes? If someone tries to pass off an article of clothing as 100 per cent wool and it is not, or as made from Australian wool when it is made from something else, that person could be charged under this clause?

Mr. Garson: That is right. If a person attempted to pass off a pair of high grade binoculars that were supposed to have originated, say, in Germany and they originated in a different country altogether and were only superficially of high grade quality, that would come under this clause.

Mr. Knowles: In other words, from now on ladies' fur coats will have to be described as exactly what they are?

Clause agreed to.

Clauses 352 to 364 inclusive agreed to.

Mr. Fulton: Mr. Chairman, I wonder if clauses 365 to 367 inclusive could be permitted to stand.

The Chairman: Shall clauses 365 to 367 inclusive stand?

Some hon. Members: Agreed.

The Chairman: Clauses 365 to 367 stand.

Clauses 368 to 371 inclusive agreed to.

The Chairman: Clause 372?

Mr. Knowles: Stand.

The Chairman: Clause 372 stands. Clause 373?

Mr. Fulton: Stand.

The Chairman: Clause 373 stands.

On clause 374—*Arson.*

Mr. Knowles: Mr. Chairman, under clause 374 there is a question I would like to take up with the minister. I admit it is somewhat general in nature, but I wish to relate it to the clauses having to do with arson and fire. The minister is probably aware that I have raised this question on a number of occasions with one of his colleagues.

I am referring to the large number of fires which are started by cigarettes. Can the minister tell me what the law is with regard to safety matches, and whether any consideration has been given to the enactment of a clause in the Criminal Code with respect to the way in which cigarettes are manufactured? We all know that the Minister of Public Works when he was minister of resources and development had some very interesting memoranda and documents on this question. I believe it has been clearly established that something could be done by way of controlling the manufacture of cigarettes in order to make tailor-made cigarettes less of a fire hazard than they are now.

I need not go into this in detail so far as the subject matter is concerned because I have done it fairly often in the past, but I am wondering whether any consideration has been given to this matter by the Minister of Justice so far as doing something about it in the Criminal Code is concerned.

Mr. Garson: I am not entirely clear as to the point my hon. friend seeks to make with regard to safety matches. Is my hon. friend referring to some treatment which they receive in their manufacture? If so, to what was he referring in connection with them?

Mr. Knowles: It is my impression that there is a law respecting matches which controls the way they are manufactured to the extent of making them less of a fire hazard than they were before that law was put on the statute book.

Mr. Garson: And my hon. friend wishes to apply that same principle to the manufacture of cigarettes?

Mr. Knowles: The minister apprehends correctly.

Mr. Garson: I must confess I do not believe I can tell my hon. friend offhand which law relating to the maintenance of quality in tobacco products the amendment of which would achieve the result he seeks in connection with cigarettes. I take it that my hon. friend is referring to these fires which are caused by people who go to sleep when they are smoking.

Mr. Knowles: There was one in Winnipeg the other night involving a friend of ours.

Mr. Garson: Yes, I know of that. There is some ingredient put in cigarettes, I have heard it said that it is saltpetre, which is put in cigarettes to keep them burning; I imagine the manufacturer in resisting my hon. friend's suggestion would answer that like all democratic people he is seeking the greatest good for the greatest number. The great number of his customers want a cigarette which will stay lit, and they would object rather strongly to one that goes out between puffs. They would probably argue that if there is a small minority of cigarette smokers who are careless enough to go to sleep when smoking cigarettes, that is no reason why the great majority of cigarette smokers should not have a cigarette which would stay lit between puffs.

I think there would be a real contest on that point; and whatever the law may be, I do not think it comes under the Department of Justice.

Mr. Knowles: The minister asserted in another connection, I believe it was yesterday, that if we are going to do something to prevent loss of life from reckless driving we have to have the kind of laws that are going to hurt somebody. I submit that if there is a great deal of loss of life and property from this cause, then we have a responsibility at this level of government to see that something is done about it. When the former independent member for Comox-Alberni, now treasurer of the Liberal party in British Columbia—which indicates how independent he was—was in the house here, and I refer to Mr. Jack Gibson, he pointed out on a number of occasions that to his knowledge those in charge of woods operations would not allow the use of tailor-made cigarettes because of their fire hazard.

There has been a great deal of research done on this question, and—to my knowledge, because I have had correspondence from the tobacco people—there certainly is resistance on the part of tobacco manufacturers to laws of this kind. But many laws which have as their object the protection of life and property were in the first instance resisted by people who had a special interest.

My contention is that we have a responsibility to our people in connection with this matter, and I believe it should be pursued further. I wonder if the minister would be willing to allow one of these clauses—any clause under the heading of arson or fires—to stand, and I will submit to him for his own perusal some memoranda and other material I have on this question.

Mr. Garson: I have no objection whatever to allowing one of these clauses to stand.

Mr. Knowles: Clause 374, for example?

Mr. Garson: Yes, clause 374. I might say that I think there is a great deal of merit in my hon. friend's suggestion, and I shall be glad to co-operate in examining the matter.

The Chairman: Clause 374 stands.

Clauses 375 to 378 inclusive agreed to.

On clause 379—*Interfering with saving of wrecked vessels.*

Mr. Dinsdale: I am here looking for information more than anything else. I notice that clauses 379 and 380 apply to seafaring activities only. I am wondering how you would cover interference with an aircraft wreck under clause 379 or clause 380, or interference with aerial navigation aids. How would that situation be covered?

Mr. Garson: I think the likelihood is that it is covered by some of our aeronautical legislation. I shall make a note of that question, get the information and give it to my hon. friend.

Clause agreed to.

Clauses 380 to 388 inclusive agreed to.

On clause 389—*Transportation of cattle by rail or water.*

Mr. Winch: Mr. Chairman—

Mr. Garson: I was going to suggest that this clause might stand. Would that suit my hon. friend?

Mr. Winch: Oh, yes.

Mr. Garson: There are certain members who are interested in it who are not here tonight.

The Chairman: Is it agreed that the clause stand?

Some hon. Members: Agreed.

Clause stands.

Clauses 390 to 412 inclusive agreed to.

On clause 413—*Jurisdiction.*

Mr. Knowles: Will the minister give us a brief explanation of clause 413?

[Mr. Knowles.]

Mr. Garson: Before I deal with that matter, Mr. Chairman, I wonder if I might deal first with something else. I have treasured this memorandum for a long while, and I do not want to overlook it. I suggest that there is a typographical error in line 5 of page 140. The word "officer" should read "offence".

Mr. Knowles: No wonder I did not understand it.

Mr. Garson: My hon. colleague the Minister of Citizenship and Immigration will move that amendment.

Mr. Harris: Yes.

Mr. Knowles: It should be easier to explain with that amendment than it was before.

Mr. Garson: That is right. On this question of jurisdiction, I think it would save a good deal of time if we let this clause stand, and I will have a prepared statement on it in which I shall try to cover the matter as succinctly as possible.

The Chairman: Do I understand that clause 413 is to stand?

Mr. Garson: Yes, if that is all right.

The Chairman: Is it agreed?

Some hon. Members: Agreed.

Clause stands.

Clauses 414 to 416 inclusive agreed to.

On clause 417—*Trial without jury in Alberta.*

Mr. Fulton: I should like to ask the minister what efforts were made to try to bring the procedure in Alberta into line with the practice and procedure elsewhere. I understand that the commission's policy was to seek elimination of all procedural provisions peculiar to a province in order to effect uniformity throughout the whole dominion. Yet Alberta appears to have emerged with its major procedural differences under this section and the proposed new section 541. It might be alleged that in both cases the effect is to lessen the weight of the jury.

Will the minister say a word about that matter, namely as to what efforts were made to bring the practice in line in all the provinces, and as to what were the major arguments advanced by the province of Alberta in favour of the retention of their different practice in this case?

Mr. Garson: I have a memorandum here. It is a fairly lengthy document. As a matter of fact there were negotiations extending over some considerable time. I think it will save time if we let this section stand and

I shall try to bring this statement into a shorter compass so it can be handled more expeditiously.

The Chairman: Do I understand that clause 417 is to stand?

Mr. Garson: That is right.

Clause stands.

Clauses 418 to 428 inclusive agreed to.

On clause 429—*Information for search warrant.*

Mr. Fulton: It has been suggested to me that the word "anything" as it appears as the introductory word in each of paragraphs (a), (b) and (c) of subclause 1 of this clause is too narrow. It appears to restrict the search to a search for things. It has been suggested to me that that is going to make it rather difficult in some cases where the obtaining of a search warrant or indeed the taking of action on a search warrant is urgent. Will the minister say a word about that matter?

Mr. Garson: I am not sure that I get my hon. friend's point there. The clause reads as follows:

A justice who is satisfied by information upon oath in Form 1, that there is reasonable ground to believe that there is in a building, receptacle or place,

(a) anything upon or in respect of which any offence against this act has been or is suspected to have been committed . . .

may at any time issue a warrant under his hand authorizing a person named therein or a peace officer to search the building, receptacle or place for any such thing . . .

I think the word "thing" there is of quite wide application. Was it my hon. friend's view that some other noun would have a broader application than the word "anything"?

Mr. Fulton: It is perhaps difficult to suggest anything that might have a wider application than the word "thing", but does the minister think it is possible that the word "anything" might be taken as confining it to an inanimate object? Suppose you were searching for a concealed body or corpse. I think perhaps that is the case in point. Does "anything" include a human body?

Mr. Garson: Offhand I would be inclined to think that "anything" would be a very broad application. In the same way, in getting a charter for a company, if one could persuade the provincial secretary to issue a charter to "engage in trade", that would be the widest kind of charter that one could have. Sometimes it is when we spell out powers that we restrict ourselves. Here he can look for anything. I might say that this is the language of the existing code and has been for many, many years. If it were defective or restrictive in any way, I think the law enforcement officers would have sought to have it amended before now.

Clause agreed to.

Clause 430 agreed to.

On clause 431—*Seizure of things not specified.*

Mr. Knowles: A number of questions come to my mind with respect to clause 431. First of all, I note that it is new. That fact catches my eye right away. Then I read it, and it does seem to me to place rather wide powers in the hands of peace officers. Let me read it:

Every person who executes a warrant issued under section 429—

That is the one the hon. member for Kamloops was just discussing with the minister, and which is already pretty wide. In fact the minister admitted that.

—may seize, in addition to the things mentioned in the warrant, anything—

The word "anything" is certainly very wide.

—that on reasonable grounds he believes has been obtained by or has been used in the commission of an offence, and carry it before the justice who issued the warrant or some other justice for the same territorial division, to be dealt with in accordance with section 432.

We are back in a sense to this question of warrants, and here is a case where a warrant is drawn up and issued for a search for certain specific things. Yet when the person who is armed with the warrant gets into the place he may go beyond the terms of the warrant. I realize there is the qualification that what is seized must be dealt with in accordance with section 432. As a matter of fact there are some parts of section 432 which are new, and which I want to question when we get to it. But even before we get there we have this power given to a peace officer armed with a warrant to go beyond the terms of the warrant just the same as the government, when it tries to amend a bill, goes beyond the scope of the bill. I do not like that and I do not like this.

Mr. Garson: My hon. friend says quite accurately that the objection here is that the person who is executing the warrant is authorized to seize things in addition to those which are covered by the warrant. What are those things? That is the point. We can find the answer to the question as to whether it

is wrong to permit him to seize these additional things by asking what they are. The clause says the peace officer—

. . . may seize, in addition to the things mentioned in the warrant, anything that on reasonable grounds he believes has been obtained by or has been used in the commission of an offence, and carry it before the justice who issued the warrant . . .

In other words, without this provision a constable armed with a search warrant could go into a thief's kitchen and find there some article worth a dollar that was covered by the search warrant and not be able to find anything else at all covered by the warrant, while at the same time there might be in the same place a thousand dollars worth of goods which he had every reason to believe, within the terms of the clause, were stolen. But for this section he would have to turn his back on those, go back to the magistrate and swear out a new information for a new warrant for this thousand dollars worth of goods. That does not seem to be a reasonable method of enforcing the law. Therefore as long as the searching police officer is confined to those additional things which upon reasonable grounds he believes to have been obtained by or to have been used in the commission of an offence, I think that the section is quite reasonable.

Mr. Knowles: In view of the fact that this is a new section, what has been the practice thus far?

Mr. Garson: But for this he would not have the power, and that is the reason we are taking it now.

Mr. Knowles: But this is new.

Mr. Garson: Yes, it is new. That is right. My note on this is that officers executing search warrants very often find things which are the proceeds of some other crimes or have been used in the commission of other offences, and the power to seize such things would appear to be fully warranted. That is the justification for the section.

Mr. MacInnis: I think the question asked by the hon. member for Winnipeg North Centre has not been answered. What is the procedure under the code as it now stands? If a person is looking for stolen articles and finds something other than what is mentioned in the warrant, is he not able to seize that article as well under the code as it now operates?

Mr. Garson: To be quite candid, I must say that I am not familiar with police practice in that regard, but from the fact that we are seeking the power to do this now I would assume that in the absence of that power he would not do it and could not do it, or if he did take the article then he would be acting unlawfully, with all the risks in which that would involve him.

Mr. Nowlan: The minister has said that he thinks this is normal procedure, but I wonder whether that is so. You have an information laid for one offence and a search warrant is issued to search for a washing machine, an automobile or something else that has been stolen. The police officer enters and finds something that he thinks has been obtained by an offence.

The minister says, and I think quite properly, that this is a new section and that police officers did not have the power to do this before. I know this matter was discussed by the committee. I am told by my learned friend sitting beside me that the matter was discussed in the special committee last spring, that objection was taken to it but that the clause was passed nevertheless.

I know there is no point in discussing the matter at any great length now, but I do suggest that this again is one of these instances where we are departing farther and farther from the principles which we at one time recognized. The minister may say that if you have a search warrant for an article worth a dollar and you find it, and you also find a thousand dollar diamond ring it is an unfortunate thing if you cannot seize the diamond ring, and I think that is true. But there is a fundamental principle that it is better to have somebody escape once in a while provided we follow proper practice.

I also think any information that would ordinarily be laid would be wide enough—the police would see to that—to take in any matter which could be embraced within the particular offence. If, for instance, you are dealing with a theft case and looking for the stolen articles, and you also find that the man has been guilty of bootlegging, shall we say, I am rather doubtful that you should take advantage of the situation and bring in the evidence pertaining to that offence. Otherwise, why have an information at all?

Mr. Knowles: Ten o'clock.

Mr. Nowlan: It is ten o'clock and I am not going to labour the matter further, but I want to protest against it.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, on Monday we shall continue the debate on the motion to go into supply and, as I announced last night, we shall call two additional departments, namely fisheries and transport. It is the intention, and I think there is unanimous agreement, that when we get into supply we shall call the Department of Public Works, deal first with the item having to do with the construction of the national film board building in Montreal and debate that to the exclusion of others until it is completed.

Mr. Green: After that you would go on with administration?

Mr. Harris: After that we would revert to the general item on public works and continue with public works.

Mr. Fulton: Has the minister anything in mind now for Tuesday?

Mr. Harris: I have been informed by people whom I thought were well informed that we would not get into supply on Tuesday.

Mr. Knowles: Tuesday's program will be the same as Monday, is that it?

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, March 1, 1954

The house met at 2.30 p.m.

MISCELLANEOUS PRIVATE BILLS

Third report of standing committee on miscellaneous private bills.—Mr. Hunter.

QUESTIONS

UNITED KINGDOM WHEAT PURCHASES

Mr. Argue:

1. What quantity of wheat has the United Kingdom purchased from Canada, during each week from August 1 to January 15, in the crop years 1950-1951, 1951-1952, 1952-1953 and 1953-1954?
2. What was the total quantity purchased, during the period in each of the above years?

Mr. Dickey:

1. In the crop years 1950-51, 1951-52 and 1952-53 arrangements for the sale of Canadian wheat and flour to the United Kingdom were governed for the most part by memoranda of agreement completed by the Canadian wheat board and the United Kingdom ministry of food. These arrangements between the board and the United Kingdom ministry of food covered an extended period of time and were not specifically related to the period included in this question. Board sales to the United Kingdom in 1950-51, 1951-52 and 1952-53 were 97·0, 119·6, 122·2 million bushels respectively. With respect to the crop year 1953-54, it is not the policy of the board to divulge its sales position during a current crop year.

2. See answer to No. 1.

CANADIAN NATIONAL RAILWAYS—DIESEL ENGINES

Mr. Hodgson:

1. How many diesel engines are in operation on the Canadian National Railways?
2. How many are on order for the Canadian National Railways?
3. Will there be diesel engines available for operation in the Lindsay and Peterborough yards in 1954?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. At the end of January 1954, there were 512 diesel units in operation on the Canadian National system.

2. At the end of January 1954, there were 31 diesel units on order.

3. The assignment of diesel motive power, as it becomes available, is made from time to time in accordance with the requirements of traffic and in the interests of operating efficiency.

CANADIAN NATIONAL RAILWAYS—CEDAR PICKETS

Mr. Pouliot:

1. How many cedar pickets has the Canadian National bought in the province of Quebec during the last 12 months, and at what price?
2. On what date were tenders invited and what was the price submitted by each tenderer, together with his address?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. (a) 87,559; (b) It is not the policy of the company to divulge the nature and details of contracts or orders between the railways and other parties for the supply of materials required for company use.

2. See answer to No. 1(b).

GAGETOWN MILITARY CAMP

Mr. Brooks:

How many men were employed as of February 7, 1954 in construction work at the Gagetown military camp area (a) from camp area; (b) from New Brunswick (outside camp area); (c) from outside New Brunswick?

Mr. Dickey: If I may, Mr. Speaker, I should like to answer this question orally.

It is not possible to answer this question through information available from government sources. Apart from supervisory personnel employed by Defence Construction Limited, all persons employed on this project are working for private contractors who are performing the preliminary stages of construction.

These contractors meet their labour requirements, apart from key personnel, mainly through the national employment service. Instructions were issued by the Department of Labour to the national employment service to give preference in making referrals to men from the camp area and individuals who had been displaced by the expropriation. The national employment service has been operating in accordance with this directive in referring applicants to fill vacancies as requests come in from the contractors. However, there is no reliable record of those actually employed or retaining such employment.

Questions

The most recent estimates indicate that out of some 230 employed, approximately 140 are from the camp area and over 70 from elsewhere in New Brunswick. Defence Construction Limited has 30 employees, all supervisory personnel, 6 from the camp area, 19 from elsewhere in New Brunswick and 5 from outside New Brunswick.

WHEAT—PRICE REDUCTIONS

Mr. Argue:

1. Has the United States price for wheat at the Atlantic coast been reduced recently? If so, by how much per bushel?
2. Did the American reduction follow or precede the Canadian reduction?
3. Did Canada or the United States first suggest a reduction in its eastern selling price?

Mr. Dickey:

1. Prices at which United States wheat is sold for export are not published by their government but each day the United States department of agriculture announces a per bushel subsidy covering the shipment of wheat of United States origin to be exported out of various U. S. ports. This has the effect of reducing the price by a similar amount to the foreign buyer. Subsidies announced by the United States department of agriculture covering export shipment out of U. S. east coast ports on February 15, 16, 17 and 18 were as follows:

Announced at 3.30 p.m. eastern standard time February 15 effective until 3.30 p.m. eastern standard time February 16, 57 cents per bushel.

Announced at 3.30 p.m. eastern standard time February 16 effective until 3.30 p.m. eastern standard time February 17, 63 cents per bushel.

Announced at 3.30 p.m. eastern standard time February 17 effective until 3.30 p.m. eastern standard time February 18, 64 cents per bushel.

Announced at 3.30 p.m. eastern standard time February 18 effective until 3.30 p.m. eastern standard time February 19, 64 cents per bushel.

2. At 1.15 p.m. central standard time on each of the following days the Canadian wheat board announced its price for No. 1 Manitoba northern wheat basis in store Fort William-Port Arthur: February 15, $1.85⅞ per bushel; February 16, $1.78⅞ per bushel; February 17, $1.79 per bushel; February 18, $1.79 per bushel.

3. The decision to reduce the in store Fort William-Port Arthur price of Canadian wheat on February 16, 1954 was made by the Canadian wheat board.

[Mr. Dickey.]

WHEAT—PRICES AT VANCOUVER AND FORT WILLIAM

Mr. Argue:

1. When did the Canadian wheat board first establish the price for wheat at Vancouver on the same basis as at Fort William-Port Arthur?
2. Has the wheat board selling price for wheat basis Vancouver exceeded the selling price basis Fort William-Port Arthur?

Mr. Dickey:

1. September 27, 1943.

2. Yes. Since February 16, 1954.

CUSTOMS TARIFF—ANTIFREEZE

Mr. Knowles:

1. Has the tariff board received instructions from the Minister of Finance, or from any other person, at any time since July 1, 1953, to investigate the tariff position of so-called antifreeze compounds?
2. If so, when were such instructions given, by whom, and what were their terms?
3. Has any change in the tariff on antifreeze yet been made as the result of any such instructions and investigation?
4. If so, what change has been made? If no change has been made as yet, is such a change in prospect?
5. What is, or what will be, the net effect of any change in the tariff on the purchase price of antifreeze to consumers in Canada?

Mr. Benidickson:

1. Yes.

2. The Minister of Finance on December 28, 1953, referred to the tariff board the following tariff items, as reference No. 114, for investigation and report:

1. Item 208h—so far as this item covers ethylene glycol, at least 97 per cent pure, for use in the manufacture of ethylene glycol antifreezing compounds.

2. Items 711 and 220a(i)—so far as these items cover ethylene glycol less than 97 per cent pure for use in the manufacture of antifreezing compounds.

3. Item 220a(i)—so far as this item covers antifreezing compounds having an ethylene glycol base in sealed containers, or otherwise, ready for use as antifreezing compounds in motor vehicles, etc.

Although item 208h is temporarily bound duty free and the present rates of duty under items 220a(i) and 711 are also bound against increase under the general agreement on tariffs and trade, you should conduct your investigation without taking this point into consideration.

3. No.

4. The tariff board has not rendered its decision.

5. This is a hypothetical question and cannot be answered.

FORMER MEMBERS OF PARLIAMENT EMPLOYED

Mr. Diefenbaker:

1. Have any former members of parliament been employed by the Department of Agriculture or the P.F.R.A. since July 1, 1953?

2. If so, what are their names and addresses, their respective salaries and their duties?

Mr. McCubbin:

1 and 2. W. G. Bock, Eastend, Sask., agricultural supervisor, $3,300 per annum; Georges Bouchard, Ottawa, Ont., assistant deputy minister, $8,500 per annum; A. E. Dewar, Indian Head, Sask., agricultural supervisor, $3,300 per annum.

WATER POLLUTION—NORTH SASKATCHEWAN RIVER

Mr. Harrison:

Has the Minister of National Health and Welfare any further information on the pollution of the North Saskatchewan river?

Mr. Martin:

I should like to outline in some detail the present situation, the steps which have been taken and the proposals which are made for future action.

Before doing so however I am sure that the house will be glad to learn that a number of the substances in the water have been identified, and certain of these are thought by the investigators to be involved in the source of the trouble.

As a result of these findings, recommendations were made to the health authorities of the province, and the members will have already been advised by the press and the radio of the action taken by the provincial department of health in issuing instructions to one of the companies suspected of discharging wastes containing these substances, to discontinue by March 1 the discharge of such wastes into the North Saskatchewan river. It is understood that appropriate steps are being taken to pond or isolate such wastes for subsequent disposition.

It is very much hoped that this action will prove effective in bringing about some alleviation of the distress of the communities which are dependent upon the river for their domestic water supplies.

I can assure the house that my department will continue to assist in every way that it can, to co-operate with provincial authorities and with industry to seek a final solution of the problem, and to give such advice and help as it can to avoid any recurrence, once a solution is found. It may meanwhile be of interest to recapitulate briefly the events which have led up to the present situation and the efforts which have been made at the federal level to assist provincial authorities.

I have from time to time reported to the house on the developments as they have taken place, and it may be useful at this time to say something of the specific plans formulated in co-operation with provincial authorities which are presently being implemented by the technical officers, both at the federal and the provincial level.

While the problem was thought to have resulted from the discharge of industrial wastes into the river at or near the city of Edmonton, the solution to this problem was complicated by a number of factors which include climatic and geographical conditions, as well as the diversity of wastes which are being discharged into the river by a number of industries.

The identification, therefore, of the particular offending substance, as well as of the particular industry responsible for its discharge into the river, represented a scientific project of some magnitude. I think I should say that diligent inquiries were made from all possible sources in Canada, as well as in the United States where similar problems might have been encountered, but it appeared that this particular situation was without exact precedent in any of the communities in North America.

The considered opinion of the scientific investigators, at the federal and provincial and the industry level, was that while an immediate solution was of course the urgent objective to be found, the over-all problem of providing safe but effective means of disposal of industrial wastes made it necessary to obtain a precise chemical answer, and this could only be found through the laborious but nevertheless necessary field work, sampling, analyses and other procedures, whereby the identification of the substance or substances and methods for treatment could be devised.

I emphasize these features because it might otherwise have appeared that the shut-down of all of the industries which could have been involved would provide the answer. This however would not be the case, as it is only through investigation of the river in its present condition that a permanent solution to the problem could be expected.

With the investigations that were made and the information that was available, it was obvious that the problem was accordingly one of great complexity, and it seemed to us that the solution would likely be found only with the full utilization of all available technical resources.

As I previously advised the house, I therefore communicated with the minister of health of Alberta, under date of February 8,

offering full co-operation and assistance of the technical officers of the department to participate in a joint study with the provincial authorities and with industries, in seeking an immediate solution with the further objective of making recommendations which would result in an over-all solution to the problem of treating such wastes in that area.

This offer was accepted by the minister of health of Alberta, and immediately technical officers of the department left for Edmonton to work out, in co-operation with provincial and industry officers, procedures which might offer the most expeditious solution.

After an intensive study of the area of industrial development downstream from Edmonton by officers from the occupational health and public health engineering divisions of this department, in company with provincial experts as well as experts from industry, certain procedures were evolved.

The objective of the study as was conceived by the federal representatives was twofold:

1. To eliminate the offensive taste and odour from the waters of the North Saskatchewan river.

2. To carry out a comprehensive investigation of industrial pollution to establish the basis for future control.

It was emphasized that every effort must be made to provide as quickly as possible, a solution for objective No. 1, and if a solution could not readily be found, it would be necessary to recommend drastic action.

The detailed steps which were recommended involved the following:

It was recommended that for purposes of industrial appraisal, arrangements be made to have two investigating teams set up to carry out a rapid but detailed study of the industries. Each team would be composed of an industrial hygienist and public health engineer from federal resources. These federal experts would work closely with experts in industry, the provincial government, the national and the Alberta research councils and the university authorities.

A member of this group would be responsible for the over-all co-ordination of this phase of the study.

In addition to the industrial appraisal, sampling procedures would be developed as rapidly as possible to include analyses of industrial effluents and river water. The sampling process would extend from a point above Edmonton to the various centres complaining of pollution in Manitoba and Saskatchewan, thus covering many hundreds of miles.

[Mr. Martin.]

A third proposal involved analytical investigations to include all possible methods of analysis to determine the nature of the pollutant, as well as intensive investigation of any leads that might indicate its possible nature. It was hoped from the analytical investigations to provide leads as to the nature of the offending substance and thus to achieve objective No. 1 as rapidly as possible.

By way of illustration, one lead has been developed and is being followed at the present time. It was found that a synthetic mixture of propanol and butanol in water produced a material with an odour similar to the odour of the water samples taken from the river at points downstream from the industrial development.

A fourth phase of the investigation involved the extraction of materials from plant effluents which are known to or which might cause offence. This would be developed as part of the industrial appraisal during which time every effort would be made to have the companies remove materials that are known to or which might cause offence from their effluents.

As soon as substances causing the taste and odour nuisance have been identified, suitable procedures would of course be followed for the diversion and disposal of these materials.

The above were the specific steps which the federal officers suggested as constituting the most suitable, but at the same time, expeditious method of proceeding to study the problem and to obtain some alleviation from present distress for the affected communities.

In order to carry out these procedures and to reach the desired objectives as quickly as possible, it was emphasized that a co-ordinated and all-out approach must be adopted. The industries agreed to co-operate actively in the investigation and to make available all technical resources which they possessed. It was also thought desirable that other resources within the province, such as the Alberta research council and the facilities of the university, should be utilized as well as the assistance of the regional laboratory of the national research council at the city of Saskatoon.

In addition the environmental health centre in Cincinnati were asked to assist and their efforts will complement other aspects of the investigation.

The work which was immediately undertaken in accordance with these plans is presently proceeding and, as I mentioned at the outset of this statement, as a result a number of substances have positively been

recognized and identified in the water at Prince Albert and certain of these substances may be the ones contributing to the difficulty.

In addition to the specific action which was proposed, I thought it desirable to communicate with the minister of health respecting the measures his government proposed to initiate to rectify the present situation, as well as those involving the general problem of the overloading of the North Saskatchewan river by the discharge of industrial and other wastes.

Under date of February 22, I received from the minister of health a reply to my telegram, in which he outlined the steps which his government had originally taken to prevent the development of this situation and he indicated the progress being made through the technical assistance which had been given and of his hope for an early solution.

He moreover advised that, in default of an immediate solution, the provincial authorities would be prepared to take steps to see that all suspected wastes were diverted into a pond or ravine for subsequent disposal, when this could be done without danger of a recurrence of the present situation.

Action has accordingly been taken in this connection as was announced by the authorities of the province of Alberta on February 25.

I am sure that the house will recognize that the problem is one of great complexity, that its solution is not a simple one, and that the federal government has done everything possible to assist in finding a solution.

The government will continue to assist the responsible authorities in every way that it can, through the provision of technical personnel and facilities, until a solution is found and measures can be adopted which will provide some satisfactory basis for control to avoid further pollution of the waters and consequent distress to the communities that are dependent upon it.

CANNED POULTRY IMPORTS

Mr. MacLean:

What was the amount of canned poultry or game (tariff item 8f) imported during the last quarter of 1953 from the United States of America into (a) Prince Edward Island; (b) Nova Scotia; (c) New Brunswick; (d) all of Canada?

Mr. Dickey:

Canadian imports of canned poultry and game (tariff item 8f) are not separately classified but are included in a general item which reads:—"Canned meats (except beef), poultry and game".

The imports from the United States under this general item entered for consumption in the maritime provinces and total for all Canada, during the period October 1 to December 31, 1953, were as follows:—

Province	Lbs.	Value
Nova Scotia	2,093	$ 798
Prince Edward Island	—	—
New Brunswick	652	309
Total Canada	635,513	$260,830

R.C.M.P. BADGE AND ARMORIAL BEARINGS

Mr. Adamson:

1. Have the official badge and armorial bearings of the Royal Canadian Mounted Police been altered recently?
2. If so, for what reason was the change made?
3. Who authorized the change?
4. Was it approved by the competent heraldic authority?
5. If so, by whom was it approved?
6. What is the nature and description of the alterations made?
7. When did the new design become official?

Mr. Garson:

1. The official badge has been altered.
2. To correct errors in the design.
3. Redesign of badge arranged by the commissioner, R. C. M. Police, approval granted by order in council P.C. 1954-27/256.
4. Yes.
5. The Hon. Sir George Bellew, K.C.V.O., Garter Principal King of Arms.
6. The representation of the St. Edward's crown replaced the Tudor crown. The bison was redrawn to provide a more lifelike looking head. The scroll surrounding "Maintiens le Droit" replaced the buckled garter. The maple leaves were redesigned and brought closer together.
7. February 25, 1954.

HAROLD C. BANKS

Mr. Fulton:

1. Has Mr. Harold C. Banks given notice of intention to apply for Canadian citizenship?
2. If so, when was such notice filed?
3. Has Mr. Banks been granted Canadian citizenship?
4. If so, when?

Mr. Harris:

1. No.
2. See answer to No. 1.
3. No.
4. See answer to No. 3.

QUESTIONS PASSED AS ORDERS FOR RETURNS

UNEMPLOYED IN SASKATCHEWAN CITIES

Mr. Knight:

1. What are the numbers of unemployed persons registered at Regina, Saskatoon, Moose Jaw and Prince Albert, as at February 1, 1954?

2. How many employees have been laid off by the Canadian National Railways at Saskatoon since November 1, 1953?

DEPUTY MINISTERS AND OTHERS LEAVING PUBLIC SERVICE

Mr. MacInnis:

1. How many deputy ministers have left the service of the government of Canada to take positions with private employers, since January 1, 1951 to date?

2. How many civil servants, other than deputy ministers, in the salary range of $12,000 and over have left the service of the government of Canada to take positions with private employers since January 1, 1951 to date?

Mr. Pickersgill: I spoke to the hon. member about this question and pointed out that the government would have no official record of what positions in private employment were taken by officials who had retired from the public service. He agreed to have the question read instead: "How many deputy ministers have left the service of the government of Canada except by retirement?" and to put the same phrase in the next part of the question. If that is understood, I would ask to have it made an order for return.

MARITIME PROVINCES—CANNED CHICKEN IMPORTS

Mr. MacLean:

1. Has the attention of the Department of Agriculture been directed to the alleged importing into the maritime provinces of American canned chicken which, if it were a Canadian product, would not conform to the regulations set out under the Agricultural Products Marketing Act, relating to container size and type of label?

2. Has any action been taken to require imported canned chicken and other agricultural products to be of the same standard as similar products produced in Canada?

CANADIAN INDUSTRIES LIMITED

Mr. Knowles:

1. Has the attention of the government been drawn to the proposed division of Canadian Industries Limited into two companies, one to be known as Canadian Industries (1954) Limited, and the other to be known as Du Pont of Canada Limited, following a court decision in the United States?

2. Has the government any information as to the products to be manufactured by each of the proposed new companies? If so, what are such products?

3. Has the combines investigation branch examined the basis of the proposed division to ascertain whether either of the new companies is being given monopolistic controls over particular products contrary to the provisions of the Combines Investigation Act?

4. If so, what findings have resulted from such examination?

MOTIONS FOR PAPERS

BRITISH EMPIRE GAMES—BROADCASTING

Mr. Diefenbaker:

For a copy of the contract between the Canadian Broadcasting Corporation and the British Empire games committee for the radio broadcasting rights for the British Empire games to be held in Vancouver in 1954, together with a copy of any correspondence or telegrams that have passed between private broadcasting companies and the Canadian Broadcasting Corporation relative to the rights of private radio stations to broadcast during the games.

Mr. McCann: Mr. Speaker, I shall have to oppose this motion on the ground that the correspondence between the Canadian Broadcasting Corporation and the private broadcasting stations has to do with the internal management of the corporation and is not ordinarily produced on a motion such as the present one. We have no objection, however, to producing a copy of the contract between the Canadian Broadcasting Corporation and the British Empire games committee.

Mr. Diefenbaker: Mr. Speaker, I feel that I am entitled to this information and that it is not a matter of internal management. I would ask you to call for the yeas and nays.

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Adamson
Aitken, Miss
Argue
Balcer
Bell
Blackmore
Blair
Brooks
Bryson
Campbell
Cardiff
Castleden
Charlton
Churchill
Coldwell
Diefenbaker
Drew
Ellis
Fairclough, Mrs.
Fleming
Fraser (Peterborough)
Fulton
Gillis
Green
Hahn
Hansell
Harkness
Hees
Herridge
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Lennard
Low
Macdonnell
MacInnis
MacLean
McCullough (Moose Mountain)
McLeod
Mitchell (London)
Monteith
Montgomery
Nesbitt
Noseworthy
Nowlan
Patterson
Pearkes
Quelch
Robinson (Bruce)
Rowe
Shaw
Stanton
Starr
Stewart (Winnipeg North)
Thomas
Trainor
Tustin
White (Hastings-Frontenac)
Yuill—63.

NAYS

Messrs:

Abbott
Anderson
Applewhaite
Ashbourne
Balcom
Barnett
Batten
Benidickson
Bennett (Grey North)
Blanchette
Boisvert
Boucher (Restigouche-Madawaska)
Bourget

Brown (Brantford)	Kirk (Shelburne-Yarmouth-Clare)
Brown (Essex West)	Lafontaine
Bruneau	Langlois (Gaspe)
Byrne	Lapointe
Cameron (High Park)	Lusby
Cameron (Nanaimo)	MacDougall
Cardin	MacEachen
Caron	MacKenzie
Carter	MacNaught
Cavers	McCann
Chevrier	McCubbin
Claxton	McCulloch (Pictou)
Cote	McIlraith
Croll	McIvor
Dechene	McWilliam
Decore	Mang
Deschatelets	Martin
Dickey	Mitchell (Sudbury)
Dumas	Pearson
Enfield	Philpott
Fairey	Pickersgill
Follwell	Pommer
Forgie	Power (St. John's West)
Fraser (St. John's East)	Proudfoot
Gagnon	Purdy
Gardiner	Regier
Garson	Reinke
Gauthier (Lake St. John)	Robertson
Gauthier (Nickel Belt)	Ross
Gingras	Rouleau
Gour (Russell)	Schneider
Gregg	Shipley, Mrs.
Habel	Simmons
Hanna	Sinclair
Hardie	Smith
Harris	Stick
Harrison	Stuart (Charlotte)
Hellyer	Studer
Henry	Tucker
Hosking	Valois
Houck	Viau
Howe (Port Arthur)	Weaver
Huffman	Weir
Hunter	Weselak
Jutras	Winch
Kickham	Winters
Kirk (Antigonish-Guysborough)	Wood—107.

Mr. Wylie: I was paired with the hon. member for Burnaby-Richmond (Mr. Goode). Had I voted, I would have voted for the motion.

GARIBALDI PARK, BRITISH COLUMBIA

Mr. Regier:

For a copy of all correspondence, telegrams, memoranda and other documents exchanged since January 1, 1952, between the government of Canada and the Squamish board of trade, Mr. Gordon Gibson, the government of British Columbia, and/or any other individuals or organizations, in relation to Garibaldi park.

Mr. Sinclair: This is subject to the usual reservation as to consent of the provincial government concerning any correspondence with that government.

Mr. Speaker: Agreed to, subject to the statement by the minister.

Inquiries of the Ministry

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to amend the Pension Act to make provision for the payment of additional pension for legally adopted children; to extend the benefits of the act in certain other cases; to provide that the salaries of the chairman, deputy chairman and commissioners shall be fixed by the governor in council; and to provide further for certain changes in connection with the administration of the act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

WHEAT

INDIA'S FAILURE TO TAKE UP QUOTA—EFFECT ON CANADA'S POSITION

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I wish to direct a question to the Acting Prime Minister in his capacity as Minister of Trade and Commerce. Can the minister give the house any information regarding the effect on the continuance of the international wheat agreement of the announcement by India that it is not their intention to take up their quota under the agreement this year?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I believe the reason for the announcement, Mr. Speaker, is that India had an unusually large crop and they are not importers of wheat in the current year. I know they have been undecided as to whether or not they would take up the quota. An officer of the department returned from there a few days ago and said the reason that they were not signing the agreement was that they were not importers of wheat this year. There is no other implication.

REPORTED SALE OF 250,000 TONS BY RUSSIA TO BRAZIL

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Might I ask the minister a question along these same lines? Has the minister any comment to make on the statement in the *Christian Science Monitor* of Saturday last that Brazil has entered into a contract with Russia

for the purchase of 250,000 tons of wheat? Does that affect any existing arrangement with Canada?

Right Hon. C. D. Howe (Minister of Trade and Commerce): A week or two ago, Mr. Speaker, Canada sold 200,000 tons of wheat to Brazil. I have no knowledge of a sale of wheat to Brazil by Russia, and I would think it doubtful whether the statement referred to by the hon. member is correct. If it is, such a sale has nothing to do with Canada.

POST OFFICE

LETTER CARRIERS—CHANGE IN BASIS FOR ANNUAL HOLIDAYS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Postmaster General arising out of his announcement on Friday concerning the rotation plan for letter carriers. Has it been decided to alter the long-standing practice of the annual holidays of letter carriers being arranged on the basis of seniority? In view of protests from letter carriers' associations against this decision, will it be reconsidered?

Hon. Alcide Cote (Postmaster General): I must thank the hon. member for having given me notice of his question. The answer is that seniority will still prevail, but it will have to be modified to take care of new problems brought about by rotation of carriers. We have received no protests from letter carriers' associations, but when any are received we always take them into account. However, the matter has to be settled in the interests of the public as well as the individual.

BASE METALS

PROPOSED IMPOSITION OF TARIFF BY UNITED STATES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce, in the light of reports from Washington that there is a movement under way in congress to raise a tariff against Canadian base metals, if the Canadian government has taken any steps to assert the view of the Canadian government through the Department of State in Washington?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The Canadian government does not interfere with the work of congress. We have made our views about tariffs on metals clear to the administration, but it is not the policy of the government to interfere with the workings of congress, just as it is not, I hope, the policy of the government at Washington to interfere with the workings of this parliament.

Mr. Fleming: I asked simply if the Canadian government had communicated its views on this matter to the Department of State at Washington, which I understand is the proper place for such views to be communicated to.

Mr. Howe (Port Arthur): The answer is yes.

BEEF

INQUIRY AS TO SPREAD IN PRICES

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Agriculture. Has the minister's attention been drawn to the fact that prime beef is selling at a maximum of $16.75 per hundred at the stockyards? If so, can the minister state why the price of steak in the butcher shops ranges from 59 cents to 69 cents per pound, and a T-bone steak in the dining car costs $4.25?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, it is not possible, of course, for the department to check all the butcher shops in Canada, but we did very recently make a check in Toronto. That check is connected with the relationship between the price of beef in Toronto and the price of cattle. The check shows both have followed very much the same course. That is, when the price of cattle has gone down, the price of beef has gone down, as a rule; and when the price of cattle has gone up the price of beef has gone up.

Mr. Fulton: And vice versa.

BRIDGES

PEMBROKE-ALLUMETTE ISLAND—INQUIRY AS TO CONSTRUCTION

On the orders of the day:

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, I should like to ask a question of the Minister of Public Works. Would he care to comment on the statement made last Friday by the premier of Quebec relating to the prospective construction of a bridge linking Pembroke, Ontario, and Allumette island, Quebec?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, the only comment I can make is that, although I had not received any reply to my letters written to the appropriate ministers in the province of Quebec, asking permission to table correspondence, Mr. Duplessis did apparently say, as reported in the press, that he had no objection to the

tabling of such correspondence. And the house will recall that earlier today my parliamentary assistant did table the correspondence.

[*Later:*]

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I should like to ask a question of the Minister of Public Works, supplementary to that of the hon. member for Chicoutimi. I wonder if the minister would care to comment on the press report which indicates that the prime minister of Quebec—

An hon. Member: Premier.

Mr. Balcer: —was reported as saying that he had not received a communication from the minister.

Mr. Winters: It is difficult to comment on what the premier of Quebec is reported to have said. But it is a fact that my correspondence was dispatched not to the premier of Quebec but to his appropriate ministers. And I have knowledge from Canadian National Telegraphs that the telegram I dispatched on February 16 to Mr. Lorrain was delivered.

Mr. Fulton: May I ask a supplementary question of the Minister of Public Works. May we take it from the answer he has given that from now on the government will believe everything it reads in the newspapers?

EXTERNAL AFFAIRS

INTER-AMERICAN CONFERENCE—REPRESENTATION BY CANADIAN OBSERVER

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask a question of the Secretary of State for External Affairs. It is in connection with a meeting of the inter-American conference convening today at Caracas. Did Canada receive an invitation to that meeting, although not a member of the organization, and is Canada represented either officially or unofficially as an observer there?

Hon. L. B. Pearson (Secretary of State for External Affairs): The answer to the first question is no. That covers the second.

[*Later:*]

Mr. Diefenbaker: Through an inadvertence, I am sure, the Secretary of State for External Affairs failed to say whether or not there was an invitation. Was there any unofficial representation at this conference, either as an observer or otherwise? I think the minister just omitted to answer that.

Mr. Pearson: Well, I do not know of any invitation, unofficial or otherwise, for Canadian representation at the inter-American conference opening at Caracas today. However, I shall be glad to look into the matter and see if any suggestions were made.

Mr. Diefenbaker: Were there any observers there?

Mr. Pearson: There is no Canadian observer at the conference.

INQUIRY FOR RETURN

LAND SURVEYS—KIPLING, SASK.

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to ask the Minister of Public Works a question. On February 11 I had a question passed as an order for return. I wonder when I may receive an answer to that question.

Hon. Robert H. Winters (Minister of Public Works): I will look into it.

HOUSE OF COMMONS

WELCOME TO HON. MEMBERS FOR WELLINGTON SOUTH AND KOOTENAY WEST

On the orders of the day:

Mr. Daniel McIvor (Fort William): Mr. Speaker, I rise on a question of privilege. We have a double thrill today in welcoming back two hon. members who pretty nearly crossed the river Jordan and went on up. We welcome them back. These are the hon. member for Wellington South (Mr. Hosking) and the hon. member for Kootenay West (Mr. Herridge). The mellowing influence of both these members is needed in their corners.

SUPPLY

UNEMPLOYMENT—MOTION FOR EXAMINATION BY COMMITTEE ON INDUSTRIAL RELATIONS

The house resumed, from Tuesday, February 23, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Green.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, this is the beginning of the sixth day of this debate. I think if there had been a proper sense of urgency on the part of the government as to the importance of this debate it would not have lasted for even six minutes; because I see no reason whatsoever why the government should not have accepted the amendment put forward by the hon. member for Vancouver-Quadra (Mr. Green). I

think the only reason is that the government, in its, shall I say, arrogance, does not like to admit that any wisdom or knowledge can come from any quarter in the house except from themselves.

The attitude throughout has been, "Father knows best; leave everything to us". I want to read from the amendment to show exactly what it asks. It did not ask for any panic action. It did not suggest that it knew the answer. What it said was this:

> . . . that a select committee should be appointed immediately for the purpose of examining into and reporting upon the actual unemployment situation throughout Canada and for the purpose of making recommendations to this house as to short-term and long-term methods for dealing effectively with this problem.

As I say, no blue ruin attitude was taken by the hon. member for Vancouver-Quadra; there was no suggestion about any "catastrophe" or any "chaos". It was a sensible suggestion that this thing should be looked into. And what have we got from the government? We have nothing but "Wait and see". I say that it did not seem to have any sense of urgency whatever; but I do suggest that there is a feeling of urgency and of great urgency on the part of those who are unemployed. They will find no counterpart to that attitude here; and I feel sure that those people would think it reasonable to examine into and report upon the actual unemployment situation.

Certainly it is not because the facts are clear that nothing needs to be inquired into. The labour people have suggested—they have stated—that there are more than 500,000 unemployed; but from the government we have nothing but a babble of voices. The figures used by the different ministers have differed, not merely by thousands, not merely even by tens of thousands, but by hundreds of thousands. We have seen what could be described as "confusion worse confounded". The Minister of Trade and Commerce (Mr. Howe), the Acting Prime Minister, was frank in the remarks he made about unemployment to the textile and agricultural implement workers. But when we come to the actual figures used by the ministers, as I say, we find confusion. There must be scores of economists in the various departments who prepare those figures; but one can only assume, because we believe they are competent men, that the government has so bedevilled the situation with a variety of views and a variety of approaches to the facts that, as I say, all kinds of figures are given to us.

Again I ask, what is the objection to this inquiry? No sensible objection that I have heard has been raised. On the face of it, it seems sensible. The government in effect say, "Let the situation develop; let us have time". Well, there is a standing committee available, and why on earth should it not be allowed to tackle this problem? No; to allow a committee would apparently involve a most damaging admission. It would involve the admission that the government is not omniscient, and that possible useful suggestions could arise from elsewhere. The reasoning apparently goes like this.

The government is omniscient.

To create a committee would be to admit that the government is not omniscient.

Therefore we must not have a committee.

I want to emphasize the fact that the resolution was moved in moderate terms, and that the words "doom" and "gloom", which I see they use in the United States, have not been used in our debate. I now want to look in more detail at the various complicated figures which we got from various members of the government. The Minister of Labour (Mr. Gregg), whose appetite for facts is keener than that of some of the other ministers who spoke, gave us these figures of January 23, at page 2085 of *Hansard*:

> It is estimated that at January 23, 357,000 people worked fewer than 35 hours; another 139,000 had jobs but did no work during the survey week, owing to temporary lay-offs, illness, labour disputes, bad weather and a number of other miscellaneous reasons; while there were 280,000 persons who were, to quote the phrase of the dominion bureau of statistics, "without jobs and seeking work".

Now, the minister gave us those figures but did not seem to have very much to say as to what was to follow from them. He did not think the time had come for an excursion into public works. He suggested that fiscal and monetary policies, which would come from the Minister of Finance (Mr. Abbott), might deal with the situation, and accordingly we asked the Minister of Finance what he had to say about it, and at page 2026 of *Hansard* the minister said in part:

> If economic activity declines, the government is in a position to take stronger action in these and other directions, but I should like to emphasize that as I and my colleagues view the present situation there is no justification for stronger action and I have a high degree of confidence that when our winter season of normally reduced activity is passed, economic activity in Canada is likely to resume its upward trend at a satisfactory rate.

Well, there is not much sense of urgency there, Mr. Speaker. We also have a reference from the Minister of Finance in an interview that he had with some of the labour

people. It is reported in the Montreal *Gazette* of February 12, and here are the minister's words in quotation marks:

"While we should not bury our heads in the sand and say everything is fine", Mr. Abbott declared, "we should be careful and not paint too gloomy a picture, because I do not think it is justified."

"The plans of people with regard to business can be affected by too much talk of rising unemployment and a possible recession". "I think we should be a little careful about taking too gloomy a view about the prospects."

T.L.C. president Bengough said: "I think there are 580,000 out of work. The situation is serious."

Mr. Abbott replied: "I would not say the situation is serious. I would say it is unpleasant. There certainly is higher unemployment than we would like to see."

You will see, Mr. Speaker, that he was certainly not taking it too seriously; indeed his cheerful attitude almost reminded us of the minister on budget night announcing a large unexpected surplus and referring to "buoyant" revenues.

Now we come to the Minister of Trade and Commerce (Mr. Howe), and I wish to read some comments which he made on the situation because he outlined it in what I think were very sensible terms. The minister described the business situation in what I think were well considered terms. He said, as reported at page 2104 of *Hansard*:

Toward the latter part of 1953 those indicators which gauged the over-all level of activity in the economy began to level off, and in a few cases have declined slightly. This change in trend reflects largely a reduction in the pressure of demand rather than any decline in over-all volume. In other words requirements, which in the past two or three years have been mounting rapidly, are now simply not expanding at the same rate. This applies to expenditures for defence and for other government requirements, . . .

And later on I read:

This levelling off in demand, taken in conjunction with the moderate decline in activity in the United States' economy, has brought a change in the tempo of business activity in Canada. This type of situation is invariably accompanied by a hesitancy on the part of business in placing orders, more hand-to-mouth buying, and a tendency to reduce inventories. This causes a temporary slow-down in the pace of business which in the present instance has coincided with the seasonally slack period in the economy.

And finally:

Such a situation admittedly gives rise to a good deal of anxiety and, I think, has been prematurely interpreted by many as the beginning of a recessionary trend.

Now, having used these words of moderation and warning, the minister rollicked off to tell us about the billions which he so loves to speak about, and of course billions are important.

His equanimity was considerably assisted by using figures that were very much below those of the Minister of Labour. The only figure which agreed with those of the Minister of Labour was 280,000 "without jobs and seeking work". Instead of 357,000 people who, according to the Minister of Labour, "worked fewer than 35 hours", we heard from the Acting Prime Minister that 65,000 persons were "on short time", or were "laid off for part of the week". Instead of 139,000 who, according to the Minister of Labour, "had jobs but did no work during the survey week", the Minister of Trade and Commerce mentioned 24,000 who "for the full week in question were temporarily laid off".

Moreover, after drastically reducing the numbers, the Minister of Trade and Commerce pointed out that they should not be added up. The minister is much better at subtraction than he is at addition, apparently. For the rest of his speech the minister found it convenient to refer to the 280,000, ignoring those who had worked fewer than 35 hours a week and also those who during the week of the inquiry were out of work. I suggest that it makes an awful lot of difference whether a man is working 34 hours and 59 minutes or 20 hours, or whether he is working 15 hours or 5 hours, but apparently those considerations were ignored.

Now, the minister's carelessness in that may have been partly due to an explanation that he gave us in regard to the figure of unemployed. He told us about some of those on the list who apparently, as far as I can make out from the explanation of the minister, just put their names down, as you might say, just for the hell of it, or not very seriously.

I think we could call this a real star turn and I should think that it would be of great encouragement to all the poor fellows who are out of work. The reference is to people who go on the lists for special reasons, and particularly to the woods workers in the minister's area. He said, and I quote from page 2106 of *Hansard* of February 15:

When the cutting is finished the men return to town, and most of them go back to the little farms they have in the vicinity of Port Arthur. Before doing so, however, they stop at the employment office, register as unemployed, and request their unemployment benefits. It is quite proper that they should do so. Then when the drive comes on in the early spring, when the rivers start to open, they return to the forest and take care of the hauling and driving of the timber down the river.

And again:

That has been their program, and it has been going on for a good many years.

In that way, apparently the minister comforts himself. He then comes to the bedtime story of the man we might refer to as the rich unemployed, and I quote again from page 2106:

I recall an incident that occurred when I was there about a year ago. A man I knew from my construction days approached me and said that he

had just arrived in town from a lumber camp. He wanted to know if I knew where he could get a job. I said, "Do you really want a job?" He said, "I will take a job." I said, "Have you registered for unemployment insurance?" He said, "No; do you think I would stand in line for $24 a week?" That was his attitude. I said, "How much money have you in your pocket?" I will not name the sum, but it was such as to lead me to believe that he was not very anxious to get employment. That situation applies in many parts of Canada. It applies to a good many jobs that are seasonal and always have been seasonal.

I am sure that that gave comfort to the minister and I suppose it will give comfort to the unemployed. I suggest to the minister that he have that part of his speech printed and sent to all the unemployed. I think it would offer great encouragement to them and stimulate them perhaps to get into the same class themselves.

While I am dealing with the question of figures I will refer to the remarks of the senior hon. member for Halifax (Mr. Dickey). He solved the problem of the figures even more easily than the minister because he ignored all except the 280,000. He had no interest in the 357,000 who are working less than 35 hours a week and the 139,000 who apparently are out of work. His conclusions are very simple and entirely in line with my suggestion. He really just told the rest of us to be good little boys and leave everything to the government and everything will be well. I quote what the hon. member said as reported on page 2177 of *Hansard* of February 17:

All I can say, Mr. Speaker, is that it is my impression that few people have learned the lessons of their experience and know better how to apply them than the Acting Prime Minister in this house.

I should not omit to say that a little earlier in his speech he referred also to the Acting Prime Minister and to an address which he had made some years ago at Dalhousie University. I think it would be suitable also to refer to the eulogy which came also from the hon. member for Fort William (Mr. McIvor). The hon. member for Fort William does not like to let the sun set without having said something eulogistic about the Acting Prime Minister. That is very nice too, and I do not see why anyone should object. I continue reading from what the hon. member for Halifax said:

I can assure the hon. member that it does not require his suggestion to have the Minister of Trade and Commerce and his colleagues apply to the solution of this problem and the other serious problems that from time to time face the people of Canada and the government of Canada the experiences and the knowledge and the abilities that they have found from their long and useful life in this country in many fields, and not the least their contribution to the public life of this country as members of the government.

I am sure that the minister welcomed what he had to say. As I listened to the debate; as I listened to the way the numbers of unemployed were being whittled down, 10,000 here, 100,000 there; as I listened to the rising tide of eulogies on the government, and particularly on the Acting Prime Minister; it seemed to me that as I looked the unemployed faded away more and more into the distance and the figure of the Acting Prime Minister rose almost with a halo around it. It occurred to me that the title of the debate might be, "To the glory of Howe and in memory of the unemployed."

Mr. Howe (Port Arthur): Carefully thought out.

Mr. Macdonnell: I am sure the minister would not expect me to be unfair in any way, and it would be very unfair not to point out that he did make a constructive suggestion. It is to that that I wish now to refer. I think it is an original suggestion.

Far be it from me to set myself up as an economist, but I have often talked to economists and near-economists. The suggestion, to be found on page 2106 of *Hansard*, has the merit of originality and perhaps may have some effect upon the speech to which we will be listening in some weeks by the Minister of Finance (Mr. Abbott). It seems to suggest that there is a very simple way to deal with the unemployed, and that is to keep taxes higher and higher. I quote from page 2106 as follows:

We have been reminded that our government expenditures are high. Again they are high because the government foresaw that this would be a difficult year.

It is all there, you see, Mr. Speaker. Everything is foreseen. It is wonderful, really.

The transition from a seller's market to a buyer's market is always difficult. Certainly the worst way in which to meet a transition of that kind is to curtail government investment. That is the old theory that did not work so well back in 1931, that when things get tough the government should stop spending and start squeezing its pocketbook.

I was surprised at comparing 1954 with 1931. I thought hon. members opposite had always thought that such a comparison should not be made.

That is not the time to cut government spending. There were important investments that the government needed to make and, in the light of the general situation, it was decided that this would be a year to loosen the purse strings and step up our public works program, now that military construction is less active. That has been the policy of the government for 1954.

As I say, I had thought that if there was one thing on which there was widespread agreement it was that when there is a business slackening off the best way to stimulate or ginger it up is to reduce taxes. I thought that that was almost universally agreed. I am not overlooking the fact that the minister

used the word "investment". I am not suggesting that there is no such thing as sound government investment, but the words that are used seem to me to introduce the most extreme fallacy at a time when we are being warned on all sides that we are becoming a high-cost economy. I should like to quote briefly from one or two statements to show that the minister's view is, I think, not widely held. At the annual meeting of the Royal Bank of Canada the president had this to say:

> I felt obliged last year to voice some doubts about the permanence of a prosperity built so largely on the "treacherous sands of consumer credit."
>
> Everybody wishes to avoid the evils of recession and at the same time to avoid the risk of further inflation. It seems clear therefore that we must depend more largely on the other two methods of stimulating and sustaining demand, namely, tax reductions and price reductions.

Then there is a voice from the United States. The New York *Times* recently said:

> The administration had two powerful anti-recession weapons at its disposal, easy money and tax reduction incentives. Few will disagree either in Wall street or Main street that tax reduction probably would be the more effective at this junction.

Without entirely dismissing the idea of government investment, surely if one thing is clear beyond others it is that taxes put up costs and impede exports. There is an interesting comment on this in an article by E. C. Ertl in the current *Financial Times* as follows:

> We have wilfully, or through default of leadership, given in to every pressure that was leading to higher costs.

And again:

> We have, in fact, insisted that the foreign buyer whose need for our products was great indeed, would subsidize our high standard of living, by charging him prices he could afford to pay just that long.
>
> To the extent to which his productive capacity has grown again, to that extent does he now refuse to buy from us.

Those are serious words which we should all ponder. It has been demonstrated in this house again and again that taxes do and indeed must put up costs. When we anxiously consider our foreign trade I rather think it will astonish the great bulk of thoughtful people in the business world that the minister should state the reason for which high taxes will remain. But I think we can all imagine that there is one place where the news will be good and where it will be well received. Can you not imagine, Mr. Speaker, when the various departments—which the Minister of Finance assures us and, I am sure, sincerely, that he is trying to keep down to the lowest penny—read these words, the joy with which they will be received. The Acting Prime Minister said, "The worst way in which to meet a transition is to curtail government investment" and, further down, "it was decided that this would be a year to loosen the purse strings".

I can imagine that those words would be received with great enthusiasm throughout all the departments and that the news would percolate like a great fructifying flood to all the people whose requests have been turned down by the Minister of Finance. What a fortunate thing it is for all these people that the supplementary estimates are still available. At any rate, it is nice to think that there will be some people who will be in favour of what the minister says. Incidentally, when we remember that in spite of the lowering of defence expenditures our over-all expenditures are up, we can assume that that attitude has already had its effect throughout the departments.

In the meantime, Mr. Speaker, while as I have argued there is no sense of urgency here, events outside are not standing still. There are disquieting reports, which we get in increasing numbers, of Canadian industries that are feeling the pinch here and there; of Canadian companies, controlled in the United States, which are being by-passed by the parent company which can sell its product cheaper in Canada than can the Canadian subsidiary of American companies which are excluding Canadian subsidiaries from the export trade.

As the minister said in his words that I read a while ago, it is a situation which gives rise to a good deal of anxiety. Of course, the fact that there is great anxiety in the United States undoubtedly adds to that feeling. This is the 1st of March. We are beginning a month which is supposed to be the deadline month in the United States. The President has told them that if things were not improving by March, the government would have to step in with more vigorous action.

One of the troubles is that we get optimistic opinions from two quarters that do not amount to much—of course I am referring now to people outside of this house—one group who speak out of the fulness of their ignorance, and others who are well informed but who nevertheless feel that they must not use any but optimistic words lest they actually worsen the situation. Our socialist brethren have offered us their old nostrums. I can only suggest to them that if they will study what is going on in England I think they will find that their English colleagues have turned up their noses already at some of the cure-alls that they were worshipping years ago.

I come back to our resolution, and I stress again the moderation of its terms. I suggest that it would be the most natural thing in the world to adopt it because what the government is saying is this, and I do not criticize

them for saying it. They are saying, "Wait and see". That can go a little longer; not much longer but a little bit longer. What on earth would be more natural in that period of waiting and seeing than to do what this resolution calls for? I stress again that the resolution is in moderate terms. It merely suggests in effect that two heads are better than one or that three or four heads are better than one.

Any man of common sense knows that a great deal of inquiry is necessary. The only question is whether the government should make it a party matter, and no reason that appeals to me has been given for that procedure. I shall therefore vote for the amendment.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I have listened to the hon. member for Greenwood with a great deal of interest. He quite naturally argued in support of the Conservative amendment that the subject of unemployment should be referred to a committee of this house. I am in favour of the amendment. But when the hon. member came to make practical suggestions as to what might be done about unemployment, he seemed to have just one and that was a reduction in taxes. I suggest that is the kind of suggestion that would get almost unanimous support from the people of Canada.

Mr. Martin: He said the same as did the hon. member for Moose Jaw-Lake Centre (Mr. Thatcher). They made identical speeches.

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Applewhaite): Order.

Mr. Argue: I am not making a speech for the hon. member for Moose Jaw-Lake Centre or for the hon. member for Greenwood (Mr. Macdonnell). I am not making one either for the Minister of National Health and Welfare (Mr. Martin). I will endeavour to make my own. I say that the idea of tax reduction may be something that would have almost unanimous support across the country. But before I myself went along with the suggestion now made that taxes should be reduced in the coming budget, I would ask "Whose taxes?" If it is a reduction of taxes of big business, if it is a repetition of reduction in taxes on the wealthy, as we had in last year's budget, then I would not be in favour of such a tax reduction. If it was a reduction in taxes for the mass of the Canadian people who will go out and spend the extra income they receive through a reduction in taxes, then of course I should support such a reduction.

The hon. member for Greenwood quoted another statement made by the Minister of Trade and Commerce (Mr. Howe). Speaking in this debate, as reported at page 2106 of *Hansard*, the minister said:

> . . . it was decided that this would be a year to loosen the purse strings and step up our public works program, now that military construction is less active.

The Minister of Trade and Commerce said, "This is a year to loosen the purse strings". That is all he said. He did not say how the purse strings were going to be loosened. He did not say in what way government expenditures would be stepped up. The most disturbing thing that has come out of this debate, to my mind, is not really whether one set of figures about the number of unemployed is correct or whether another set of figures is correct but the fact that, as the debate has gone on, it has become more and more clear that the government has no policy with which to deal with unemployment. If unemployment should correct itself when spring comes, it is just good luck as far as the government is concerned. But if unemployment should continue—as there is every sign it will—then the government has not yet told parliament and the people of Canada what it would do as a government to alleviate such unemployment. Back in 1945 after the war a white paper was issued by the government. In it the government set forth the proposals it was making to deal with any possible unemployment that might arise. There was to be a large shelf of public works and as unemployment appeared some of those public works were to be taken off the shelf and be put into operation. This debate has continued for two full weeks and we have heard nothing of the shelf of projects to deal with unemployment that was talked of in 1945. Apparently the idea of this government proceeding with public works on a vast scale as a method of dealing with unemployment and correcting unemployment has long been abandoned.

Mr. Howe (Port Arthur): May I ask my hon. friend a question?

Mr. Argue: Yes.

Mr. Howe (Port Arthur): What about the $300 million worth of public works projects contained in the estimates? Is that not a substantial sum?

Mr. Argue: From the point of view of dealing with the present unemployment situation, I would say no. When there are half a million Canadians out of work $300 million worth of projects will not accomplish the job of re-employment, and I think the minister

agrees with that statement. The public works projects listed in the estimates will not correct the unemployment situation prevailing at the present time. A government publication that came to my mail box contains some interesting figures. The minister said in this debate on February 15 that there would be an increase in capital investment of 3 per cent in 1954 over 1953. On reviewing last year's budget I find that at page 14 of the appendix the statement is made that in 1952 capital expenditures increased in real terms by an estimated 8 per cent over 1951. Capital expenditures in 1952 increased by 8 per cent over 1951 in real terms whereas the forecast that is now being made is that capital expenditures will increase by 3 per cent.

When one considers that the population of Canada has recently been increasing by 2½ per cent per year and when one takes into account the added fact that technological improvements each year must put a certain number of individuals out of employment—that is the way we increase our standard of living, by letting a certain number of individuals go into other employment—it is perfectly clear that there must be something more than a 3 per cent increase in capital expenditures if the unemployment problem is to be solved. I have listened to debates in parliament in the past, when some members on the government side have attempted to drive a wedge between farmers and labour. At home in our constituencies and our own provinces we have always had to deal with some who would like to split the farm and trade union movement. I want to pay tribute today to the trade union movement as represented by the delegations from the united automobile workers that have come to Ottawa in recent days to present briefs to the government. These trade union people have demonstrated that their welfare is bound up with that of the farmers.

The farm implement workers, in what I believe to be one of the best briefs ever presented to a government, set forth the problem of unemployment and the reasons therefor in the farm implement industry. They also set forth their proposed solutions to correct such unemployment. In their opinion the main cause of unemployment in the farm implement industry is falling farm income. If the government wants to do something about correcting unemployment in the farm implement industry, all it has to do is to provide agriculture in Canada with some stability, and within six months there will be no unemployment in the farm implement industry. I would even make a more precise statement. If the government will guarantee that western farmers will be able to sell all their wheat at a reasonable price, then the western farmers will buy sufficient agricultural machinery in the next twelve months to put all the unemployed in the farm implement industry back to work.

But of course this government has no policy that will stabilize agricultural income in the coming year any more than it has a policy to stabilize employment and correct existing unemployment. The Minister of Trade and Commerce (Mr. Howe) has recognized in the past at any rate that falling farm income can mean a serious economic recession. As long ago as October 28, 1952, he pointed out, when addressing the junior investment dealers association of Canada in Toronto, that Canada's experience in 1929 was that falling farm prices foreshadowed the oncoming depression. I say that unless the government takes steps soon to correct the drastic declines in farm prices we are going to have a far greater recession than exists at the present time.

In 1952 farm income in Canada fell by 11 per cent. The official figures are not yet have fallen again. We do not have to be any available, but net farm income in 1953 will farther into the year 1954 than we are right now to see the handwriting on the wall so far as agricultural income in the present year is concerned. Talk about falling prices being an indication of what is in store for the Canadian economy! Then look at the price of wheat. Since the first of August the price of wheat has fallen by almost 25 cents a bushel, not a few cents but 25 cents a bushel, and it is still going down. The price of barley is even worse. Farmers obtained for 1951 barley $1.21 per bushel basis No. 1 feed Fort William-Port Arthur. In 1952 the price dropped to $1.13, and from the price of $1.13 a bushel for barley paid to farmers in 1952 the price has dropped another 25 cents a bushel to 88 cents today and that is the Canadian wheat board's selling price from which handling expenses are deducted. What does that mean? It means that with these prices the barley producer will be going out of business. There cannot be an interim or final payment for barley. The price of wheat is down and is continuing to fall. The price of barley is away down. This afternoon the hon. member for Moose Mountain (Mr. McCullough) directed a question to the government with respect to the price of beef. He pointed out that the top price for choice steers at Toronto now is $16.75 a hundredweight. That is a drop of three or four dollars a hundredweight in the last few weeks.

Unless the government does something soon to correct the drastic decline in farm income,

unemployment in Canada is going to become much worse. We have been warning the government ever since the end of the war in 1945 that it was not in the best interests of the Canadian economy to tie completely our trade to the United States market. But the government paid no attention to our statements that we should maintain the United Kingdom market. Because of government policy we have come to depend more and more on the United States market for our exports. It was pointed out by the farm implement workers in their brief that one of the chief causes of unemployment in that industry today is the fact that 51 per cent of our exports of agricultural machinery have been dependent on the United States market. That market is highly competitive. The United States produces the same type of agricultural machinery that we produce in Canada, and the United States is usually the first nation to institute trade restrictions when competition becomes keen. Right now we are losing the British market for many products, and the result of such loss in that market is shown in our unemployment statistics. The income obtained from the British market for Canadian agricultural products was $35·9 million in 1952, and this dropped to $18·6 million in 1953, a drop of almost 50 per cent.

I criticized the hon. member for Greenwood (Mr. Macdonnell) for not having advanced some plans as to what the government might do in order to deal with the present unemployment situation. I agree with the inference in the statement made by the Minister of Trade and Commerce (Mr. Howe) that this year the government should loosen the public purse strings. It is time now to start on a comprehensive program of public works. I believe one of the best ways by which the government could promote public works would be to assist in the building of adequate roads, an adequate highway transportation system for all Canadians. Today the cost of building roads is a severe burden on provincial budgets and local municipal governments, particularly the budgets of rural municipal governments. The cost of road construction has been going up each year since the end of the war. The tax field of the rural municipality is extremely limited since it is confined to a tax on real property. Taxes on real property, both urban and rural, are today almost at the saturation point.

As far back as 1912 the federal government of the United States started assisting the various states and counties in a road building program. The federal government of Canada has supported a plan for the trans-Canada highway, but I suggest that the government, now that unemployment has reached a total of 500,000, should consider assisting the municipalities by providing grants for the building of market roads. If the government would undertake such grants, I am sure that municipalities generally across this dominion would be prepared to use those grants and thus help correct the severe unemployment problem that is with us now.

Some people have always said, well it is all right to advocate spending money but where are you going to get all the money that is necessary for such a proposal? I say it is not a question of how much money it will cost; it is not a question basically of where we shall get the money. The question is this: Does Canada now have resources that are not being fully utilized? I say the answer is yes, we have a half a million unemployed and we have all the basic raw materials that are necessary for an adequate road and highway system. I suggest that the time has now come when our federal government should be giving greater leadership and more financial assistance to the building of roads. A system of road grants should be inaugurated to enable municipalities to undertake an adequate system of roads. If such were now undertaken in Canada we would be just forty years behind the United States in starting such a road program.

I believe the government should consider also the proposition that has been frequently advanced in this house by the hon. member for Saskatoon (Mr. Knight), namely, that there should be federal grants for education. In the brief presented by the UAW—CIO—CCL, it is stated that Canada needs thousands of elementary school classrooms. The brief points out that with Canada's rapidly growing population we now have 63 per cent more children of public school age than we had some ten years ago. I believe the federal government should promote the construction of adequate schools as a further means of dealing with the serious unemployment problem we now have.

For years now I have advocated the expansion of one field of social security, namely, an increase in the family allowances. If family allowances in Canada were increased, there would be an immediate increased demand for Canadian textiles and food, both of which are in surplus supply now. And further, I should like to see the government adopt an adequate and farsighted program to assist agriculture. In advocating such a program I do not think I could put the need for

such a program more clearly than it is set forth in the brief presented by the UAW. On page 10, it says:

> The impressive and productive efforts of Canadian farmers to assure Canada abundance of food and fibre should not be rewarded by depressing the living standards of the people who work the land. A full employment program must assure full equity to the farmer in exchanging the things he grows for the things he buys, and include national policies to restore the overseas markets that Canadian farmers have lost since the end of world war II. The 1929 depression proved beyond doubt that the prosperity of industrial workers and the prosperity of farmers are inseparably tied together. Canadian farmers need more tractors, trucks, combines and other agricultural implements which our agricultural implement industry is capable of producing, but our farmers either cannot afford or are not now buying this equipment because of their fear and uncertainty about their economic future.

Here is a document, Mr. Speaker, presented by one of Canada's largest unions, a document that I say might have been drafted by some of our foremost agricultural organizations. In Canada today the farmer and the labourer are coming closer and closer together. The worker realizes that his only chance to obtain a high wage is when the farmer is getting high prices for the commodities he has to sell. Conversely, the only way for the farmer to get high prices for the food products he produces is for the industrial worker to get high wages.

The Minister of Trade and Commerce left me absolutely cold when I heard him say, to the farm implement industry representatives, that wages in the farm implement industry had gone so high that the industry had priced itself out of the market. He said, "I suggest that you find employment elsewhere"—and he described that as being the cold-blooded fact.

I do not think it is a case of high wages pushing up farm machinery prices at all. It is a case of high profits, skyrocketing profits, pushing up farm machinery prices. I would refer the Minister of Trade and Commerce to the brief, at page 5, where it lists increases in profits in the farm implement industry in Canada from 1946 to 1951 and points out that they increased by 223·6 per cent, while the increase in wages during the same period was only 107·1 per cent. The farm implement industry profits far outdistanced the increase in wages of farm implement workers. And if we want employment in the farm implement industry, then the thing to do is not to say to the farm implement workers who are unemployed, "Go to some other place and try to get work somewhere else, so as to bring down the level of wages by competition." That is not the way to solve unemployment in the farm implement industry.

I say the way to solve unemployment in the farm implement industry is to give our agricultural producers a guarantee that they are going to receive reasonable prices for farm products over the next few years. Assure them that the government is not going to let the bottom drop out of farm prices. If our agricultural industry is given that assurance, then the farmers will buy farm machinery. I have not seen a farmer yet who would prefer to drive a tractor 30 years old, if he could have a new one. I have not yet seen a farmer who prefers to stand out on the side of the road and prime the vacuum tank of an old 1927 Chevrolet truck while one of his neighbours drives by at 50 miles an hour in a 1953 or 1954 model.

All the government has to do, to see that increased purchases are made of farm implements—trucks, automobiles, textiles, and every other thing produced in Canada—is to see that all Canadians have the purchasing power with which to buy those goods. If the government will undertake an adequate system of public works, a program that will stabilize farm income and will improve our social security legislation, it can deal effectively with the unemployment problem, and can at the same time raise the general standard of living of the Canadian people.

I want to point out to hon. members on the government side of the house that such a statement cannot be considered radical. Such a statement cannot be considered irresponsible, since that kind of statement was repeated over and over again by the late prime minister during the war, and immediately thereafter.

The war is now a long distance in the past. The objectives that were held out as the reason for our undertaking such terrible sacrifices apparently have now been forgotten. The great new order we were to see is being heralded in 1954 by half a million unemployed. We are waiting to hear from the government what it intends to do to solve unemployment and to prevent further disaster.

Mr. Solon E. Low (Peace River): Mr. Speaker, if talk would give employment to people, then we in this chamber would certainly be doing our share to solve the problem in Canada. For two weeks the government has been trying to get into supply. The motion was first moved on February 15. The hon. member for Vancouver-Quadra (Mr. Green) then offered an amendment which touched off the present debate on unemployment.

Proposed Committee on Unemployment

I am the forty-sixth speaker on the list, and I believe this is the sixth day on which the debate has been proceeding. It must be obvious of course to the people of Canada that members of parliament do view with some seriousness the present unemployment situation. I feel quite sure that all hon. members, whether they be on the government or on the opposition side of the house, do look with a great many misgivings on the present very large number of Canadians who find themselves out of gainful employment.

Continued unemployment on any substantial scale in Canada unquestionably will have an adverse effect on our economy, and will strike fear into the hearts and minds of many people. As a matter of fact, ever since the apparent change in attitude on the part of Russia, and the beginning of the so-called peace talks, there has been a great deal of fear in the minds of our Canadian people. Early last summer the stock market reacted to the possibility that we might be entering a period of peace. During the election campaign last summer the Prime Minister (Mr. St. Laurent) in a broadcast felt it necessary to reassure the people in this country about this whole matter. He pointed out that Canadians had been enjoying a number of years of prosperity, which he said we had enjoyed in spite of the fact that the government had been obliged to spend no less than two billions of dollars a year on defence. If, he argued at that time, it were possible to maintain prosperity while at the same time spending two billions of dollars a year on defence, then how much greater prosperity could we achieve finally if we got into a period of peace. He said the government then would no longer have to spend two billions of dollars a year on defence and would be able to use that money for the purpose of raising the general level of economic activity and well-being in Canada.

I am sure that there is substantial agreement with what the Prime Minister said at that time. I certainly agreed with him; and I do not think anyone in the house would differ. But it seems to me the present large and widespread unemployment in Canada is ample evidence that thus far the Liberal administration has failed in peacetime to keep the economy in a condition of well-being. The government minimizes the situation today and makes the claim that we should not be talking about depression. Government members claim that such talk may help to bring on a depression.

Well, of course, I hardly need remind hon. members that in 1929, just before the slump into the depression of the thirties, we were talking about nothing but boom and prosperity. Then the crash came, and we went into what we now call the dirty thirties, and sometimes the hungry thirties. The government also makes the claim that the prosperity we have been enjoying since 1939 has come as a consequence of Liberal policy. Well, we have enjoyed prosperity since 1939; but it was not because of the virtues of Liberal policy. It has been because the Liberal government has been riding a war-horse for all it is worth. That was how we got into prosperity, the prosperity we have enjoyed since 1939; and that is how we have kept in it.

The government claims that as long as the Liberal party is in office we need not worry about unemployment and its possible consequence, depression, among other things. The government I think is again overoptimistic, because I think that such optimism is dangerous, and especially dangerous if it diverts our attention from the problems that we face.

Then, I want to say something about depression this afternoon, a depression which may result from widespread unemployment. No hon. member, certainly no one who has lived since the late 1920's, needs to be convinced that depression is a fact, and that it can come quickly once it gets started. We know, too, that depressions have occurred from time to time throughout the past as far back almost as anyone can remember. The evidence on this point is overwhelming, and all students of economics accept depressions as an established fact. They also accept that depressions result from policies of men and governments.

In recent years a great amount of statistical work has been done in an attempt to find out whether depressions occur at regular intervals, and if so, what the intervals are. The information that they have gathered together is exceedingly important, and in my judgment very valuable. Nevertheless, the tremendous emphasis which economists and students of economics have placed on what they call the periodicity—that is a big word, I know, and certainly it is not original with me—I say the emphasis that the students of economics have placed upon what they call the periodicity or booms and slumps has had a most unfortunate effect upon thinking. A hundred years ago economists denied the possibility of a general and prolonged depression such as we experienced in the 1930's throughout most of the world. They did not attempt to deny the existence of slumps, however, and consequently argued that a slump is a deflationary movement which lets the hot air

out of a preceding inflationary movement, thus of course restoring the economic balance. I say that when undue emphasis is placed upon the periodicity of prosperity and depression it naturally serves to nourish a state of mind in which one expects a slump always to be right on the tail of a boom. That is what they call the boom and bust kind of thinking or philosophy.

It seems easy for those people who do think in terms of the boom and bust sequence to get into the habit of thinking of each upward movement as the cause of the following downward movement, and vice versa, just as one might think of the swing of the pendulum as causing the resultant opposite swing. I think such people, in getting into that habit of thinking, ignore such questions as what set the pendulum swinging in the first place, and what kind of mainspring it is that keeps the pendulum in motion perpetually.

Some economists and others refer to this kind of sequence as a self-generating theory, and they say that our economy is given to this self-generation. Mr. Speaker, I do not believe any such tripe. I do not think it is a theory at all; it is only the standardization of ignorance. Then they try to call it a philosophy. At any rate, the habit of pendulum thinking today is quite widespread. There are those people who are talking as though they are perfectly sure that a depression will inevitably follow the period of postwar prosperity that we have had. Most people have learned a great many things since the boom days of 1929. One of the things we have learned is that no economy could possibly swing back and forth so wildly through one extreme to the other as ours has done without there being something very wrong about it. One outstanding United States economist has said:

> There is indeed something very wrong with our economy. It fails to distribute mass consumer purchasing power in sufficient quantity to permit the whole product of industry to be purchased. This failure exists at all times under our system and is bad at all times.

These are the words he used. If our economy were constitutionally sound and well, the expansion which accompanies prosperity would not be unwholesome and dangerous in any way. But, Mr. Speaker, our economy is not sound. The real disease affecting it is a constitutional disease, and we have to look after it in a constitutional manner. In any period of prosperity the flow of mass consumer purchasing power fails to keep pace with the growth of industry. That fact is beginning to become very apparent throughout the whole world.

Throughout the 1920's there was a good deal of talk about the discovery by some wise man that high wages paid off in prosperity. Well, it was tried. I can remember the high wages that I earned as a boy; I can also remember some other things that went along with it. The flow of mass consumer purchasing power through increasing wages, however, was expanding throughout practically the whole of the 1920's; but we know now that it was not increasing anything like as fast as the national production. On the contrary, the discrepancy between mass consumer purchasing power and total productive capacity was steadily increasing all the way from 1922 to 1929. At the peak, in the early months of 1929, according to the Brookings Institution's findings, in its very interesting and most illuminating study, "America's Capacity to Produce and Consume", production was 19 per cent short of existing productive capacity. I emphasize that point because it can mean only one thing, namely, that purchasing power is not generated even in peacetime as fast as goods are produced, and that is the serious thing for our consideration.

In spite of the establishment of this fact beyond all successful contradiction, during the past seven or eight years, we have witnessed a constant struggle on the part of labour throughout the country for higher wages, when all the time they would have been infinitely better off if they had been joining in the great drive to try to increase the flow of mass consumer purchasing power, to try to keep up their own purchasing power rather than just to increase the number of dollars that they called take-home pay.

Well, the break came in October, 1929. I will not pause here to try to discuss the steps by which it had come. I think some hon. members have already done that. Let it be enough to say that a few people had already seen that a crash was inevitable, and that it was bound to come sooner or later. They said so. I remember hearing some of them, and for several years depression came and deepened, with production falling off and unemployment of men and dollars steadily increasing, until the winter of 1932-33 in the United States there was an avalanche of bank failures, which brought about real trouble.

In our Canada, right up until 1935, we gradually slumped into the depths of a depression, the like of which we had never experienced in all our days.

At this point the government of the United States—I am speaking of 1933—began a pump-priming action. At first the amount of money

they spent was a mere trickle, but the effect of it was felt almost instantaneously. The flow of that money increased continuously, until the winter of 1936 and 1937, when the soldiers' bonus was pyramided on top of the payments made by various recovery agencies, such as W.P.A. and others, when there was a sharp upturn of prosperity in the United States that did have some effect right here in Canada. However, we had not done very much in this country and as a consequence we did not feel the upturn nearly so readily nor so sharply as they did in the United States.

Finally, in 1939, things began to take on a different complexion; but, Mr. Speaker, it was not recovery measures instituted as a consequence of Liberal policies that ended the depression. It was the war. The most bitter critics of the process of government spending our way out of depression are very insistent on this point, that it was the war that brought us out of the depression. All economists recognize that war is a colossal system of public works in a sense. In the course of war industry booms, the volume of production reaches undreamed-of heights, just as it did in Canada. And the whole thing is financed by government funds, much of which is newly created.

Only a comparatively few short months before the outbreak of the war of 1939 the Social Credit group in this house proposed to the Minister of Finance that the government create and spend into circulation in Canada $200 million to get the wheels of industry started again and to provide employment for the unemployed thousands. The Social Credit members at that time were told that they were a bunch of idiots to think of such a thing, that it would bring on the worst kind of inflation, or in the alternative would wreck our economy.

However, it was only a matter of hours after the declaration of war in the fall of 1939 that Mr. Ilsley went to the chartered banks and on his own word arranged with them a substantial expansion of credit amounting to approximately $200 million in order to get the war effort started. Since that time there have been a good many billions of dollars of new purchasing power created and poured into the bloodstream of the economy of Canada. Well, the government continued pouring the mass purchasing power into the economy all during the war and we were able to finance and prosecute a pretty creditable war effort for a small country of 13,500,000 people. And then came peace.

Now in the first year after the war ended, 1946, the governor of the Bank of Canada, reviewing the economic situation in our country and the trends of the time, issued a warning in the Bank of Canada report of February 8, 1946. I should like to quote briefly from page 9 where, after reviewing a table showing the national expenditure, Mr. Towers had this to say:

> Trends in these components of national expenditure, taken together, will determine whether or not a satisfactory high level of employment and income can be maintained in the years ahead.
>
> Clearly it is the first two items in the expenditure table, comprising total government outlay, which represented the main driving force behind the very high level of activity which was attained during the war period. Canada's problem now is to expand the other types of expenditure, and particularly domestic private investment and domestic consumption, in order that there will be compensating stimulus as government outlays decline to their post-war level.

It is clear that what Mr. Towers foresaw in 1946 was that the government would experience difficulty in maintaining mass consumer purchasing power at a level high enough to stimulate a high level of economic activity. That, he said, would be one of our major problems. On page 10 of the same annual report of the Bank of Canada, Mr. Towers warned the country in these terms:

> Looking to the future, however, there is no room for complacency. Most of our real problems of post-war adjustment are still ahead. The backlog of demand will not be large in relation to productive capacity when industry has been fully reconverted and inventories built up to normal levels. When the time lag involved in demobilization is over, government expenditures will fall rapidly. Nor will our foreign lending to finance the purchase of Canadian goods remain indefinitely at the present level. The prevailing optimism on the North American continent is dangerous if it diverts attention from the problems which have to be faced.

Those were sober words and they should have been listened to. They should still be considered as a warning to the Canadian people. It now appears from the size of the unemployment backlog in Canada that the words of the governor of the Bank of Canada have at least gone partly unheeded. We have become complacent and we are now facing a dangerous situation as a consequence. The very fact that the government has not made a pronouncement with respect to the means that they propose to adopt in relation to the unemployment crisis is evidence that we have become complacent.

During wartime Canada built up a huge producing machine which made it possible for us to make, as I said before, a very creditable war effort for a population as small as ours. But efficient as that production machine was during the war, unless care is taken it can cause havoc in peacetime. What we need more than anything else today is a policy, a real down-to-earth policy, for adjusting our nation's purchasing power so that it can match our large

power of production and our still larger possibilities of the immediate future—what we look upon as the atomic future.

Back in the 1930's, when we were in the depths of the depression, we Social Crediters maintained that the government could induce a flow of consumer purchasing power sufficient to absorb the entire product of industry, that is to distribute it, however large the volume of production might be. We contended that there was no economic bar to doing this and that it was only good common horse sense to see that it was done. However, we were laughed at then.

But time has vindicated our contentions. Nobody with any sense or judgment today will deny that the government can induce a flow of consumer purchasing power sufficient to absorb the entire product of industry. People now know that in this respect war is quite like a great system of public works, as I have already said, except that they do not necessarily involve death and destruction.

Government projects are not limited to the production of munitions of war. On the contrary, a public works program in peacetime may produce monuments of enduring value. That is the kind of thing that we believe is possible. The best example is what happened under W.P.A. in the United States during the thirties. The United States government spent many millions of dollars of public funds and in so doing they built schools, hospitals, community halls and all that sort of thing which will stand for many years as monuments to the vision of men who declared that when unemployment begins to show itself the government should induce the flow of consumer purchasing power so as to get things started, and then make use of the purchasing power to build lasting assets that will serve this generation as well as the next and perhaps the next. I point out at once that the United States ran the country into almost hopeless debt unnecessarily in the process of carrying out public works programs.

I think that public works and housing have come almost universally to be accepted as by far the most desirable of governmental recovery measures. Many of the speakers in the present debate have stressed this point and have asked the government to lose no time in setting up enough works and housing projects so that men who now find themselves out of work will be able to get a job and an income without further delay.

There are so many things that we could be doing. For example, I think we ought to hang our heads in shame as a nation that we have grown to 87 years of age and still have not completed a trans-Canada highway. We should have had one a long while ago and it should have been built by the federal government instead of placing so much of the responsibility upon the provincial governments. This is one of the very few countries in the world which have forced the lesser governments to carry a substantial burden of the cost of a trans-nation highway.

The provinces and municipalities are so heavily laden with taxation today and their financial problems are so great that they cannot build the roads which are required if we are to have a trans-Canada highway or a system of highways throughout the country. Mr. Speaker, I think this government should take the lead and not only build the trans-Canada highway but also join with the provinces in the building of a system of secondary highways throughout the whole country. We need great irrigation projects in the west. My friend the hon. member for Acadia (Mr. Quelch) has already mentioned the Red Deer diversion scheme. We have heard a great deal here about the Saskatchewan river project. These projects ought to be built, and when they are built they will stand as lasting monuments to the enterprise of a great people and a forward-looking government.

I do not intend to weary the house with an interminable list of all the things we need, but I would be remiss in my duty to my own constituency and people if I did not mention the fact that the great Peace river country—that vast inland empire that will be so important to Canada and its strength in the future—needs a railway to the Pacific coast; and while there is a great backlog of unemployed manpower in this country is the time to get started on the building of that road.

I recall with what enthusiasm we looked forward to the post-war period. During the war this very House of Commons appointed what was called the reconstruction committee, if I remember correctly. I think it was under the able chairmanship of the gentleman who has since become Senator Turgeon. That committee studied the economic situation in Canada and the needs of the post-war years most carefully, and came up with a whole bag of suggestions and proposals which the government called its "shelf of projects" for reconstruction. Sometimes I, along with other members of the house, wonder what has happened to that shelf of projects.

I think the Turgeon committee did a good job, and because I think so I am inclined to the belief that what we ought to do now, instead of referring this whole question of unemployment, its causes and cures, to the

standing committee on industrial relations, as has been suggested, is to set up a permanent or standing committee of this house. We should charge that committee with the responsibility of a yearly investigation and report to parliament on the facts of unemployment and the general economic situation; and perhaps it should be asked to make recommendations concerning measures that might be taken to keep Canadians busy and the Canadian economy at a high level of activity and well-being. This committee might be called the economic research and development committee or some such thing; I do not care what the name might be. If the rules of the house did not limit to one the subamendments that can be moved to a motion of this kind, I would seriously consider moving a subamendment asking for the establishment of such a standing committee.

I am one of those who believe that we should not be spending our time castigating the government and blaming it for every single thing that goes wrong. I believe we all must take our responsibility and so must the taxpayers and the electors of this country.

It has occurred to me that a thoughtful observer who might drop in from some other planet, if he should land on the earth today, would have a hard time understanding our present widespread fear of a coming recession. While he listened to us debating here in this house and forecasting all kinds of gloomy things he would see around this country electronics in great profusion. He would see ingenious gas turbines and all kinds of marvellous new types of machinery and factories. He would see this most awe-inspiring atomic power development just about ready to be used for peacetime purposes. He would not know, nor do we, all the fine things which these resources he sees might bring to Canada. We certainly do not yet know whether working hours will decrease or increase in the future. We know, however, that the output from all our resources, when fully developed, could enrich our people beyond our fondest dreams. Continued increasing prosperity would seem to be the logical result of all the things we have at hand today.

When I think of that I have to ask myself, "What in the world is wrong? Why the fears that we are expressing at this time? Who are the culprits in this whole business of unemployment and of gloom"? I think the real trouble lies in the fact that so far we have all failed to accept our responsibilities in a real effort to gear the nation's income to its powers of production. We should not be too much concerned with placing on the government or on anybody else the blame for the present situation. It seems to me that we should be concerned with placing the responsibility for leading the country out of it. That is the important thing. Every voter, every member of the business groups, every member of the labour unions, every member of the professional groups as well as every member of this house governs this nation through his action or his lack of action, and particularly by what he demands of his business group, his labour union and his member of parliament. Therefore I say they must take their responsibility.

As a nation we have a tremendous number of mechanical slaves, gadgets that do the dirty work for us and save us all from drudgery and physical exhaustion and the monotony that we would naturally face if we were to do all the work that we used to have to do by hand, and which kept our noses to the grindstone. These things that we have at hand, these mechanical slaves, do not necessarily mean that we can cut working hours to the vanishing point or even near it, nor need they take away from us our jobs. With these gadgets, these machines and factories, we should be making one of the greatest production and distribution efforts the world has ever seen.

I wish, Mr. Speaker, that we had figures like the ones I found in a magazine not so long ago. We do not have them, but I wish we had. Perhaps if the kind of standing committee I have suggested were to be set up they could set about gathering such figures and publishing them so our people would know them. I was much interested in figures published in 1950 in a well-known United States publication called *Factory Management and Maintenance*. This magazine and its editors ventured to set up an estimate of future production in the United States. They pointed out that in 1879, 2,733,000 industrial workers supplied the nation with $109 worth of goods per person. In 1939, 7,887,000 workers gave the people $434 worth of goods per person. On the basis of this trend and having in mind all available information on future mechanization, the editors of this magazine expected 11,140,000 workers in 1950 to supply $637 worth of goods per person. By 1960 it is estimated that out of a population of 150 million, 10,050,000 workers will be available and they will likely produce $717 worth of goods per person. As I say, if a standing committee of the kind I have suggested were set up, we could soon gather a great many interesting facts and figures of this kind for our use in estimating what the future is going to hold for this great country.

I see that my time is rapidly being exhausted, Mr. Speaker, and I do not want

to weary the house any further. But I do suggest in closing that my sympathies are with those who find themselves without work and without incomes. I still have very poignant memories of two years with a job but without income back in the thirties. I went through that experience. Those early thirties were days when many of us were the fattest, healthiest, nakedest people in the world. I am sure that many people suffered far worse than I did, but I went through enough so that my sympathies are with those who find themselves without incomes today. Many of them have bought homes requiring substantial monthly payments. If they cannot pay their mortgage instalments, out they will go and they will lose whatever equities they have in them. A man with no home to go to has really lost his freedom.

We do not need to have a depression, Mr. Speaker, although it is hard to tell the unemployed head of a Canadian family who is being evicted from his home that we are not in one now. I am referring to a real slump. We do not need to have one, and I do not believe we will have one. Our country has a bright future. Our country has plenty to commend it to any enterprising person who wants to live and work here. The greatest blessing that can come to any man in my judgment is to have all the work he can do all the days of his life. We have every cause for optimism, but in our optimism let us not become blind to facts that have such portent for the future.

We do need the kind of watchdog economic committee of this house which I have proposed to be constantly on guard for the Canadian people. I suggest that it be set up immediately to begin its studies. In the meantime the government should meet the present unemployment problem by doing these five particular things, amongst others:

1. They should increase unemployment insurance benefits and provide for some sort of temporary stay of execution of mortgage foreclosures until economic activity again absorbs the unemployed.

2. They should press forward with housing plans, with emphasis on low income and low rental schemes. If this is to be effective the interest rates must be brought down, because high interest rates today are the great stumbling block in our housing program.

3. They should adopt realistic trade policies and conclude trade agreements with all countries willing to trade with us on a mutually satisfactory basis. In particular, Canada should cultivate greater trade with Britain and the sterling area and be prepared to settle balances by accepting some sterling.

4. We should adopt a realistic Canada first policy under which as much as possible of our raw materials will be manufactured in Canada. In particular, we should make absolutely sure that the pipe and other materials that go into the trans-Canada pipe line are as far as possible fabricated in Canada; and we say that any subsidies that are paid, either directly or by way of tax remission, must be paid to Canadian companies and not United States companies. Moreover, in my judgment we must finance development in Canada to a much greater degree than ever before with Canadian capital.

5. There should be an immediate increase in old age pensions and war veterans allowances. That would provide a greater market for the surpluses of our country and would stimulate greater employment.

I see that my time is used up, and I appreciate the indulgence of the house; but before I sit down may I once more warn all my colleagues in the house against becoming so complacent and optimistic as not to be aware of the portents and signs that face us every day if we just look around.

Mr. J. W. Monteith (Perth): Mr. Speaker, it is not my purpose to repeat the many things that have been said about unemployment already in this debate. However, the situation as it exists in my own riding does bear mentioning. It is serious, and all the fine words from the government benches about the situation improving are not relieving the actual hardship thus far. Further, it seems to me that those occupying the government benches are burying their heads in the sand like the ostrich, hoping that time will pull them out of their dilemma.

The *Globe and Mail* of February 22 reports the Minister of National Health and Welfare (Mr. Martin) as having predicted in Chatham the previous Saturday that there would be a resurgence of employment in March. I am wondering which year he meant. We are into March, 1954, right now, and the only feeling prevalent in my home city of Stratford is one of fear. This feeling of fear is, I think, most pronounced amongst the men laid off at the Canadian National Railways locomotive shops, and their families. This fear also extends to those still employed. There are rumours and fears of further layoffs. The government does nothing to allay those fears.

The Minister of National Health and Welfare is further reported to have charged the Progressive Conservative opposition in parliament with sounding "the old Tory cry of blue ruin".

Some hon. Members: Hear, hear.

Proposed Committee on Unemployment

Mr. Monteith: In my opinion the Conservative opposition has every faith in the future of this Canada of ours.

An hon. Member: Show it.

Mr. Monteith: We can see wonderful prospects for the future. We believe in that ultimate future. But surely we are not preaching blue ruin when we attempt to bring to the attention of the government certain critical conditions as they exist at this moment. This fear I mentioned a moment ago is having drastic results. The merchants of Stratford, while depending on trade with the surrounding rural districts, also depend on trade with people working in Stratford. The reports I receive are that not only the people already laid off are not spending but those still working, and particularly those employed at the C.N.R. shops, fear the future and as a consequence are not spending. This lack of spending naturally brings on the sequel of the merchants not buying and the manufacturers not producing, resulting in the subsequent lay-off of more workers.

I believe it is the government's duty to put these fears at rest. They should take the lead and assure their own employees in the C.N.R. that their jobs are secure. That in itself would give confidence to the country as a whole. In a question I placed on the order paper on February 3 information was sought as to any long-term plans for the full utilization of the locomotive shops in Stratford. The answer was to the effect that while these facilities were excellent for steam locomotive maintenance their use for other railway purposes is limited, but is under study.

Let me bring to the attention of the house the fact that an addition to these shops was completed in October, 1949, at an approximate cost of $500,000. Is it possible the management would be so shortsighted as to spend that kind of money in 1949 and not have some plan for the future? They surely must be able to utilize these premises for some purpose. How about building and repairing freight and passenger equipment?

I have heard it mentioned that gas turbine engines have been considered. If so, could these be developed in Stratford?

A special committee of the Stratford Canadian National Railways federated crafts, representing more than 1,000 mechanical workers, met recently in that city. The following is part of a statement issued by them as reported in the Stratford *Beacon-Herald* of February 19:

> The following modernization has taken place in recent years:
>
> 1. A new annex costing over half a million dollars.
>
> 2. New machinery at an average cost of $400,000 a year over a period of the past eight years.
>
> 3. Modern lighting system.
>
> 4. New boilers and compressor in the power house.
>
> 5. Power supply control system for hydroelectric, and
>
> 6. Heat-treating furnaces.
>
> The Stratford shops are strategically located for the handling of repairs to any type of locomotive in the central region, and the skill and ability of shop employees has long been recognized as being of the highest calibre.

It just does not make sense to me to spend millions of dollars on construction and equipment and have no ultimate utilization in mind as dieselization takes place.

The government seem to be most unconcerned about getting rid of the wheat in western Canada. May I say that if they were more concerned about this problem, and also about the export of other agricultural products, we would not be too apprehensive about the immediate future. I can mention cheese factories in my riding that have been closed because of lack of markets. I can tell the house of manufacturing concerns in Perth county that have been accustomed to selling a large percentage of their output in western Canada. Their sales and eventually their employment have dropped precipitously because money is not available in western Canada to purchase these goods. Why does that condition exist? It is because the farmers have wheat instead of money.

I assert, Mr. Speaker, that the present government is manifestly unfair when it seeks to blame a previous Conservative administration for having brought on the depression of 1929 which extended into the thirties. Further, it occurs to me that the government is acting today exactly as it did in 1929, when it ignored obvious signals of economic distress. In that year the late Prime Minister Mackenzie King was in office, and in the house he denied that there was serious unemployment. He later visited Winnipeg and was shocked to be met by a throng of men demanding that he find jobs for them. Surely in 1954 the government might take the lead in alleviating fear, as I think they could well do by establishing a committee to study the situation as it exists today.

Surely such important matters as the loss of stable export markets for the primary products of our farms, our forest, our fisheries and our mines, and the ever-increasing competition both at home and abroad for our secondary industries, warrant the attention of the members of this parliament. It is upon these factors in our economy that a high level of economic activity depends. These problems determine the amount of gainful employment available to our people, because lost markets mean closed factories, lay-offs on our railway systems, and eventually

depressed prices for our farmers because the unemployed worker is unable to buy the things he wants and needs.

Mr. J. W. Noseworthy (York South): The debate which is now in progress began on February 15, so we are now in the third week of the debate. During that time we have had admissions from the Minister of Labour (Mr. Gregg) to the effect that there is an increase in seasonal unemployment, and furthermore that seasonal factors are not the only ones which enter into the present unemployment situation. Among other factors the minister admitted to the house that keener import competition, increasing competition in world markets, improved technology and accumulation of inventories were all contributing to the situation.

Notwithstanding all that has been said by opposition members, notwithstanding all that has been said by labour delegations which have appeared before parliament during the past three weeks, the government still refuse to admit that the unemployment situation is a serious one. Instead of offering the house and the country some concrete proposals or statement of government policy regarding the unemployment situation, ministers and Liberal members generally are quite content to tell opposition members to keep quiet and wait for the spring.

This seems the only solution the government has offered to the approximately half a million unemployed in this country. Opposition members who attempt to point out the seriousness of the present situation are criticized by government speakers as being propagators of an attitude of gloom. We are assured by the government that once the warm weather arrives the unemployment situation will be alleviated and all will be well. I have on my desk here two memoranda submitted to the cabinet two years ago, one by the city council of Toronto and the other by the municipal council of the township of York. Two years ago both these municipal councils were calling upon the government to take immediate action to relieve them of the burden of caring for unemployed employables. At that time the government said, wait for spring; it is only seasonal. A year ago it was the same story.

Now for the third time we are hearing that same spring song of the Liberal party. I suggest that instead of criticizing opposition members for calling the government's attention to the realities of this situation, the government might well counteract any gloom or tendency toward panic that may exist in this country by making some forthright statement concerning the policy to be adopted in the immediate future. It is not good enough to just criticize opposition members for calling attention to these conditions and ask half a million unemployed people to tighten their belts until spring comes. The truth is that for the past number of years the so-called seasonal unemployment has been increasing each winter. The number of unemployed has been increasing winter by winter, and the number of unemployed during the summer months has been increasing. The Minister of Labour admitted that the unemployment situation today is more than seasonal in nature, and certainly is one that deserves some consideration by the government.

I am rather surprised that Liberal members coming from constituencies where thousands of people are being forced to exhaust their personal savings and fall back upon municipal relief are not having more to say in this chamber concerning that condition. It seems to me that Liberal members, even from those constituencies in which unemployment is quite serious today, are following the example of the cabinet ministers and simply trying to bury their heads still deeper in the sand, in order that they may not see the situation as it really is. I am sure it must be a great consolation to a man who has no job and nothing with which to buy food for his children to know that the Minister of Labour understands just why he is without a job! I am sure it must be quite a consolation to him to know that his lack of a job is not just seasonal, but that it is due to accumulated inventories or to international competition for trade, and that the Minister of Labour is quite conversant with all this! And I suppose the government considers it is quite all right to ask these people to live on faith until such time as something turns up.

I suggest that the people who are unemployed want something more than faith—yes, even faith in the Liberal government. It takes more than faith to feed hungry children, and that is the situation which exists in this country today. When the press begins to carry accounts of breadlines and soup-kitchens, accounts of evictions and of foreclosures and of angry unemployed, it is high time the government offered those unemployed something more than liberal doses of faith. It is high time the Liberal government made some statement and gave those people some encouragement, some hope, so they may know the government is actually doing something to counteract the rising flood of unemployment. It is the present situation in

respect of the unemployed, as such, and not speeches by members in the opposition that is spreading gloom throughout the country.

At the end of the war, back in 1945, the Canadian people were led to believe that government economists had learned something from the thirties and the war years that followed. The predecessor of the Prime Minister (Mr. St. Laurent), the predecessor of the Minister of Finance (Mr. Abbott) and the Acting Prime Minister (Mr. Howe) all assured us at that time that unemployment could be prevented. They went into considerable detail to show us exactly how it could be done.

I have here on my desk what is known as the green books of government proposals, and I believe these are well known to all. We might almost call it the Liberal gospel for unemployment. It was presented with a great deal of fanfare back in August of 1945. It covers the question of trade, and sets out what the government would do in matters of trade in the event of unemployment. It discusses the matter of unemployment insurance and what would be done in that regard. It goes into the field of social security and points out how the government would increase purchasing power by increasing social services in order to offset rising unemployment. It gives well over a page of public works for which the dominion is fully responsible, and others which it is prepared to consider after assuming full responsibility. These were undertakings designed to meet the rising tide of unemployment. Housing was to be one of those projects which was to help take up the slack of unemployment. A national health program was another. This was going to help bolster the purchasing power of the Canadian people.

Mr. Martin: And has it not done so?

Mr. Noseworthy: There are even financial arrangements discussed. I find this very interesting at page 48:

> In carrying out its employment policy it will at times be necessary for large deficits to be incurred while at the same time expenditures are being increased or taxation reduced in order to aid employment. If it is to carry deficits at times when they are necessary for the maintenance of employment and income, the dominion should be in a position to recapture in periods of high employment and vigorous business activity revenue from rising incomes and profits.

The government has been in that position during the last few years. They have been in a position to build up large surpluses in periods of high employment and rising profits. It seems to me the time has now arrived where the present unemployment situation warrants the government taking a look at the financial arrangements it proposed back in 1945.

What has happened to the cabinet since 1945? Why is it that today's cabinet shows so little interest in or sympathy for the proposals which were put forth in such detail at that time as measures for curbing rising unemployment? Is it that the majority of the cabinet ministers are too young and inexperienced to realize just how serious the situation is? Is it that the older members of the cabinet who were a party to this policy in 1945 have lost their influence? Is it just because the cabinet is now under the direction of a new prime minister, one who may not have the same faith in these policies that his predecessor had?

Certainly we are entitled to ask why this different attitude is being taken by the cabinet today with respect to the serious unemployment situation, and why they do not follow the policies proposed in 1945 to meet just such a situation. If those leaders were sincere in 1945—and I do not for a moment question their sincerity; if they knew then what they were talking about, and I am taking it for granted that they did—then it is difficult to understand why the present cabinet will permit unemployment to increase year by year without doing something about it except asking the country to wait for spring and telling the opposition to shut up.

Mr. Martin: No.

Mr. Noseworthy: The present Prime Minister says the government is creating an atmosphere within which full employment can become possible. The unemployed in Canada want something more than atmosphere to meet their situation, something more than even Liberal government atmosphere. Atmosphere is no substitute for bread, no matter how liberal that atmosphere may be. If gloom spreads throughout this country; if fear, which is already rising in this country, becomes panic, the blame must be placed not on opposition members for calling the attention of the government to this situation, but upon the government itself for failing to give the country any assurance, any hope that they are going to be rescued from this situation.

It is now quite evident from all authentic reports, and from the statement made to the house by the Minister of Labour, that it will require more than spring to provide anything like full employment for all employable Canadians. It is quite evident also to all who choose to face realities that employment this coming summer will not reach last summer's level. It is also evident that many of those formerly employed in shipping, in textiles, in farm implement industries, in electrical equipment industries, and so on, will have to

find jobs elsewhere, even after the spring has come and gone; and not even the optimistic Acting Prime Minister was able to tell some of those delegations, when asked, just where they would be able to find other jobs.

To avoid the propagation of gloom, fear and panic, in my opinion the government should make some forthright statement of just what measures it is taking or contemplates taking in the immediate future to take up the slack of unemployment. The only hope held out is that if the unemployed will tighten their belts and keep them tightened until we reach an international agreement with the United States, then we may get the St. Lawrence seaway. My good friend the hon. member for Cape Breton South (Mr. Gillis) reminds me that the development of the St. Lawrence seaway—

Mr. Martin: He did not say a word.

Mr. Noseworthy: —might well create a permanent unemployment situation in the maritimes.

Mr. Martin: He did not say anything about that at all; he has been looking at me for the last few minutes.

Mr. Noseworthy: I suggest that if we develop the St. Lawrence seaway, and I hope we shall, some measures must be taken or some consideration given to finding suitable employment for the maritimes to replace the employment they will be deprived of by the development of the seaway.

While I am speaking on the seaway let me say this. Not so very long ago the people of Canada were interested in the government's statement to the effect that they were now prepared to go it alone to build that seaway. Today they are asking, was the Canadian government only bluffing; were these bold government statements made simply for the consumption of the United States congress? Had the government really any intention of going it alone in the building of the St. Lawrence seaway? The government might well answer some of these questions that are being asked today.

Mr. Pickersgill: Will the hon. gentleman permit a question?

Mr. Noseworthy: Wait until I finish.

Mr. Martin: It is a very important question.

Mr. Noseworthy: Is there a possibility that we may get ourselves into the position where for the sake of some United States support we shall find that waterway when finished under complete or fairly complete control of the United States? Are we taking safeguards to see that, providing it is a joint enterprise, the equipment used in the project will be Canadian-made? Or are we going to permit United States companies to provide us with most of the equipment and much of the machinery, particularly electrical equipment, that will be required in the building and development of that seaway and power project? If Canada is not to build it alone, if we are to enter into partnership in the building of it, then certainly safeguards must be taken to see that the project brings employment to Canadians as well as to citizens of the United States.

If, as we are told by the government, and by all the supporters of the free enterprise system, our standard of living depends upon our production, and the more we produce the more we can have to spend, then I ask you to consider for the moment the harm that we are doing to our economy and to our production by having either 300,000 or 500,000 skilled or semi-skilled workers unemployed at any time in this country.

If you take a look at the brief presented by the united automobile workers to the cabinet on February 24 you will find there a list of unfilled needs of the Canadian people. If we think today of the houses that are needed, of the educational facilities that are needed, of the hospitals that are needed, or the highways; if we think of the number of Canadian homes without telephones, without bathtubs, without showers or flush toilets, without running water or electric light, without electric or gas stoves or refrigerators; if we think for a moment of the tens of thousands of children in Canada who have no playground in summer except the streets; if we think for a moment of the need for reforestation and conservation of our soil; if we think of all these things that Canadians need, then we should ask, why should we have half a million unemployed in this country at any time? I think that is the question that should confront us.

The minister tells us, of course, that we have to divert too much money to national defence to make provision for any of these unfilled needs. Let me say that if war were declared this afternoon it is quite conceivable that before ten o'clock tonight we in this parliament would find enough money to put our unemployed to work in war plants or in the services. We are told that people will submit to taxation and regulations in wartime which they will not accept in peacetime.

Is it not true that all our national defences today are being built up for one purpose, to

protect us against communist aggression? Is it not true that half a million unemployed workers will do more to undermine our defence against communism than all our expenditure on war material will be able to offset? Communism feeds on unemployment and distress. Half a million unemployed in Canada provide a fertile field for the communists.

Let us not forget that the provision of tanks and guns and jets and radar fences is only a part of our defence program. It just does not make sense to spend billions on these things and leave half a million Canadians unemployed when there are so many things that Canadians and our allies in other countries need, and need desperately. The maintenance of our people's morale and their standard of living is as much a part of our defence against communism as is the provision of military equipment. I suggest that it is nothing short of suicide for this government to condone in this country at this time or at any other time the amount of unemployment that exists today.

In the interests of our survival as a free people I want to urge the government in all sincerity to grapple with this problem now before it mushrooms into a full-fledged depression. That has happened before. It can happen again, but it need not happen again. The Minister of Finance, the Acting Prime Minister and the Minister of Labour all know that such a calamity can be avoided. They know how it can be done. What this country needs today is a good shot in the arm, a shot that could be given by this government in the form of assurance that direct action will be taken now to meet this situation. Let us have some declaration by the government of some policy other than just to wait until spring comes. Let us have a declaration of some policy other than war which can put Canadians back to work.

Mr. G. W. McLeod (Okanagan-Revelstoke): Mr. Speaker, I am sure that by this time the government must realize there are half a million people unemployed in Canada. That has been repeated so often that there is no excuse for ignorance of the matter any longer. It is just a question of the seriousness of the problem that we ought to consider.

Some would go so far as to tell us that this is just a seasonal state of affairs. We even have the British Columbia *Times* which is printed on the west coast saying that the unemployment situation is strictly seasonal. If our unemployment were found only in lumbering or other industries that might be held up by the weather, then I might be inclined to agree with that statement; but when we read that farm implement workers, electrical workers, workers in the car and truck industries and textile workers are unemployed, then we know that the statement is incorrect. We know also that those industries should be at the peak of production right now, so there must be something wrong, something that goes much deeper than a seasonal state of affairs.

There have been many suggestions made as to how this problem can be handled. Of course in parliament such as this we retain our own individual opinions, and it is only right that such should be the case. However, as the amendment is worded, there must be two ways in which this problem could be attacked. We must have a long-range plan and we must have immediate assistance.

Whether we have 500,000 unemployed or whether we have 5,000 unemployed, the situation in so far as the person unemployed is concerned is the same. I tell you it is desperate. When a person is unemployed and he knows that his wife and family are depending on him for food, clothing and shelter it becomes pretty serious. The number of people unemployed is not so serious as the fact that we have people unemployed in a country with the wealth and resources about which we boast so loudly; yet nothing is being done.

It will be said that the unemployed can get $24 a week, but how can we expect a man and his family to even exist on that amount? We know there are many workers in cities across this country who could not even pay their rent with $24 a week. You may say that if a person is paying more than that and is unemployed he should cut down on the scale of living to which he has become accustomed. Well, if the condition is seasonal, why should he? Why should that man have to leave his home or the way of life to which he has become used and to which his ordinary employment entitles him? I do not think it is a fair state of affairs. I am going to suggest that that pitiable sum of $24 a week should be increased, and increased right now, to take care of the added cost of living with which our unemployed are faced.

So far as the seasonal end of the matter is concerned, the only way to solve the problem is to see that none of our unemployed go hungry or without the necessities of life, that is without food, clothing and shelter, during the period they are unemployed. At the present time we have over $900 million in the fund, but it is true that even at $24 a week that will not last very long. Regardless of that fact, I think it is up to the government of Canada to see that sufficient money is paid out to our unemployed so they

can at least feel secure that they will be able to supply the bare necessities of life during the period of unemployment.

What is the remedy? I do not think anything would reach into every part of our industrial life quite as much as a speed-up in housing and house construction. Such a course will, I know, affect every industry that is threatening to lay off workmen at the present time, such as the electrical industry, the hardware industry, the lumbering industry, and many of our tradesmen who are out of work. But these things are all going to take time. On all sides of the house we have heard it suggested that we must spend money. Of course this money must come through public spending.

I am now going to refer for a few moments to my own riding of Okanagan-Revelstoke. There are a few things we need there. There are some things that have been hanging fire for some little time. I am going to refer to the public building for the city of Vernon. That building was promised two years ago. Last year $100,000 was voted in order that the construction could be proceeded with, and there is on file with the boards of trade and various interested parties in the city of Vernon correspondence assuring them that the building would be started not this spring or next fall, but that it would be under construction last fall.

Now we note that the estimate for this year has been cut to $25,000. We are told that even yet they have not the plan ready. The building is being held up because they cannot agree on the type of plan or the type of building they are going to erect. That is just one thing that could be speeded up. I am satisfied that it would certainly meet with the approval of the people of Vernon and district, and that it would assist materially in giving employment to those who are out of work at the present time. That is something that could be started now, and during the summer months of the year it would help to remedy the situation that exists there.

Having regard to the long-range field, I could not help paying close attention to the remarks made by the hon. member for Okanagan Boundary (Mr. Jones) when he was speaking here a few nights ago and telling of the efforts that had been put forth by the municipal councils in his district. I am well aware of what took place in the city of Kelowna and in surrounding cities. The same thing could be put into operation at the present time. But we are speaking now of the situation as it affects the federal government and federal spending.

It has been gratifying to hear a discussion of the real reasons behind the piling up of inventories, the piling up of goods, namely the lack of purchasing power. I like to hear that expression used, because I think it is proof that the term which I believe the Social Crediters instituted and brought into common use in this country is being adopted by various other members in this house. We have heard discussion of the necessity for purchasing power being kept in balance with the needs of the people so they can buy the production of industry. I am glad to hear that argument, because that is what we have been talking of for so many years. This extra money to buy the food and clothing that is necessary for the maintenance of life must, of course, come through spending rather than in production of consumer goods. There is nothing that will add so much to the economy, the wealth and the advancement of this country as will a sustained program of public works.

In British Columbia we have a province that is expanding more rapidly than any other province in Canada. To back up that statement I shall just quote a few figures. Of course where there is expansion and where there is business, there is naturally going to be money. I see the Minister of Finance is not in the house, but he might be interested in these figures although he certainly knows them.

In 1951-52 British Columbia's contribution to the national exchequer totalled $239,463,705, an amount which exceeded by $45 million the total collected in the provinces of Manitoba, Saskatchewan and Alberta, and by more than $150 million the total collections from the four maritime provinces.

When we state that the province of British Columbia is entitled to a big part of government spending, we are only asking the government to put back into that province that which has been taken from us.

With regard to long-range spending, there are various things we should mention. At the present time we hear a little bit of talk about the development of the Columbia basin. This development would solve the power and irrigation problems of a large part of British Columbia. I understand that some work has been done on it. What you might perhaps call the preliminary surveys have been undertaken and the work is under way. But we do not just like that situation, that it is under way. We should like to see a little bit of action, and to feel that this was going to be a matter whose completion we could look forward to at least in our lifetime.

Then we speak of highways. British Columbia is an expensive place in which to construct roads. When we see that the total federal allotment for the trans-Canada highway this year is in the neighbourhood of $20 million, we realize that it will not go very far even if British Columbia gets its fair share of that amount. I do not think anybody will dispute the need for this highway in British Columbia. Just to bring the matter home a little bit more, I should like to refer to a clipping I have. I do not like to embarrass the Minister of National Defence (Mr. Claxton) in any way, but I was rather amused by a clipping which I cut from the Revelstoke *Review* a few days ago and which reads as follows:

> Many people, particularly in this area, must have been amused last week by the plight of the federal department which shipped a number of motor vehicles by transport to Vancouver by way of the United States from Edmonton.
>
> The big truck was lost for several days. It finally turned up under peculiar circumstances in Seattle.
>
> The point is that even military equipment has to be shipped through a foreign country because Canada doesn't possess an adequate trans-Canada highway, open twelve months of the year.
>
> The Big Bend highway, which has been open for a considerable distance this winter, could easily have been kept open for the whole distance.

That is not a good situation. At the present time we hardly ever refer to the United States as a foreign country. But if that line were closed to us, and the need arose to get military equipment into the north or even into British Columbia, in what way would it get there? It is high time that definite and speedy action was taken to provide a highway into the province not only by way of Big Bend but also by other routes farther north which are just as necessary and should be given consideration.

We have heard a good deal about trade and about the selling of wheat. I get quite a kick out of the campaign of the hon. member for Assiniboia (Mr. Argue) to get rid of our wheat, but it is a really serious problem to every part of our country. Let me tell you how the trade problem affects British Columbia. Last month we still had two million boxes of apples unsold. I am satisfied that a good many hundred thousand boxes of these apples would have been unloaded in the prairie provinces if the people there had been able to sell their wheat and thus obtain the purchasing power necessary to buy them. I am also satisfied that if all these apples had been sold there would have been a little more money to buy machinery, lack of the sale of which is causing lay-offs in the eastern manufacturing plants.

Our economy is so interwoven that when any part of it is slowed up by a problem every other part of the country is affected. Hon. members will say, how are you going to sell the wheat? We know that sales have been restricted through lack of dollars in the sterling areas and the impossibility of converting their sterling into dollars so they can buy. There is a need for all our surplus production, and the suggestion that has been made that the government should take action to speed up trade with the sterling areas certainly should not go unnoticed.

I am rather disappointed that the Minister of Finance has not made a report about what transpired at the conference of commonwealth finance ministers. Possibly we will find out in due time, but I cannot see why we should be kept in ignorance with respect to this very important matter.

Our lumber industry is also affected by the same conditions. A short time ago Mr. Anthony Benn, vice-chairman and joint managing director of Price and Pierce Limited, London, large importers and dealers in lumber, made the following statement in Vancouver, as reported in the British Columbia news letter:

> There was no doubt that there was room for greater expansion in trade, but it depended on the assumption that the United Kingdom had dollars to pay for it. This was an ever-present worry, and he felt that it called for twofold action.

Of course he was pleading that we buy British products in order that they in return may be able to buy ours. But an easier solution would be to have an arrangement whereby we would accept their sterling, not necessarily with the idea that we would have to spend it in Britain but with the provision that we could spend it in any part of the commonwealth to buy the things we must import to maintain our present standard of living.

The matter of trade enters into every part of our economy. There is no part of our provinces not affected by the goods that remain unsold despite the fact that they are needed so badly elsewhere. In my own district of Okanagan-Revelstoke the mining industry is also faced with a problem. I was quite concerned a few days ago to receive a letter from the Revelstoke board of trade advising me that they are having a tough time. The letter said that during the past few months at least 300 people have been put out of work as the result of slow-downs and lay-offs in the mines. That is the way it goes. Of course we realize that the low market for base metals is a problem that is going to take a lot of study, but we believe that on the government side of the house there are men who are quite able to give the matter the study it requires. We are satisfied with

their ability, but we are certainly disappointed that they have set up what might correctly be called a curtain of silence with respect to any plans for solving the dilemma with which we are faced at the present time.

I do not believe the opposition should merely sit back and criticize. I think we should be able to offer suggestions once in a while that will perhaps shed a little bit of light or help in some way. Although I should like to commend the hon. member for Vancouver-Quadra (Mr. Green) who brought this problem before the house, I am rather surprised that no real suggestions have been made by the official opposition. After their experience in solving the unemployment problem of the early thirties, one would think they would be able to come forward with plenty of advice.

With respect to the members to my immediate right, I do not know whether or not they have a policy. We hear one man asking that taxes be cut, and we hear another suggesting that the cost of living be reduced. As to the cost of living, I wonder if it would solve the problem if we were able to reduce the cost of living so that the unemployment insurance benefit of $24 a week would provide the necessities of life. In 1930 hamburger was a nickel a pound, but still people did not have the nickel with which to buy it. I do not think that reducing the cost of living is the solution. I do not think that the reduction of taxes is the solution. The only solution is to put into circulation sufficient buying power to maintain the standard of living to which our people have become accustomed and to which they are entitled, and in that way bring back prosperity to our country.

I was glad to hear the hon. member for Peace River (Mr. Low) refer to the shot in the arm administered by the Liberal administration in 1939 when some $200 million was put into circulation for the purpose, as the prime minister of that day said, of solving the unemployment problem, developing our natural resources and speeding up the war effort. If that was a suitable solution for those days, why is it not a solution today? If the government in 1939 was prepared to take measures to solve unemployment and speed up the war effort, why can similar action not be taken today to solve the unemployment problem and speed up the peace effort?

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have some facts and figures about the labour situation in the Atlantic region which I wish to put on the record. I have been pleased to see so many of the maritime and Newfoundland members following this labour debate. I wonder if it is because of their usual good attendance or the fact that they are inwardly a little more worried about the situation down that way.

I do this for three reasons. I wish to show, in the first instance, that the maritimes are a soft spot in our economy in Canada, and that when these conditions come along we feel them first. Consequently, we should have aid first. Second, I do so to answer the hon. member for Halifax (Mr. Dickey) who the other evening threw out half a challenge when he said, as recorded at page 2174 of *Hansard* for February 17, 1954:

> . . . there has been no substantiation from their own experience in their own constituencies by hon. members opposite . . .

Third, I wish to support the official opposition's amendment which indicates that a special committee should be set up to study this situation in order to ascertain the true facts and offer recommendations.

There has been a definite falling off in seasonal activities down our way. Whereas a year ago the labour force was in balance, we now have a definite out of balance condition in all the areas of the Atlantic region. The argument that weather conditions have caused part of this trouble does not hold true this year because our shipping, agriculture, manufacturing and other industries which are dependent upon favourable weather conditions have had the very best of conditions. The latest figures published show that in the four-week period ending November 21, those working full time in the Atlantic region had decreased from 428,000 to 421,000.

A statistical report on the operations of the Unemployment Insurance Act, October, 1953, indicates that in Newfoundland 1,834 persons were receiving benefits as of November, 1953, whereas on October 31, 1952, there were only 909. My mental arithmetic indicates this is an increase of 100 per cent. In Prince Edward Island there were 719 receiving benefits in November, 1953, whereas there were only 322 at the end of October, 1952. This is an increase of 125 per cent. In Nova Scotia there were 7,814 receiving benefits this past year, whereas in 1952 the figure stood at 5,100. This shows an increase of 65 per cent, a little lower but nevertheless something to worry about. In New Brunswick, my own province, there were 6,671 receiving benefits as of November, 1953, whereas a year ago there were only 3,853, an increase of 74 per cent.

I place those figures on the record, Mr. Speaker, and I also wish to quote from a

government periodical entitled "Employment and Payrolls", October, 1953. The heading is "Provincial Changes in Non-Agricultural Employment", and I read:

> Industrial activity diminished in Prince Edward Island, New Brunswick, Manitoba, Alberta and British Columbia at October 1 as compared with a month earlier. The largest loss, of 4·7 per cent, took place in New Brunswick, where construction, transportation, storage, communications and manufacture were quieter.

From the same publication, I quote the following:

> Four of the provinces, Prince Edward Island, New Brunswick, Manitoba and Alberta, showed smaller payroll disbursements than in the week of September 1. The increases in that comparison in the remaining provinces were moderate. In the last year, the weekly wages and salaries have risen in all areas except Prince Edward Island and New Brunswick.

I should like to take a minute to briefly run through the maritimes from a local standpoint. I believe we received the first indication of trouble with the lay-off of 1,200 men in Sydney last June. A similar reduction took place in New Glasgow a little later, and that situation has been commented upon. The Canadian National lay-offs then hit Moncton and out of the 1,492 who were released across Canada, the Atlantic region lost 312 employees. The Moncton shops were affected to the extent of 240 men. I submit, Mr. Speaker, that is a tremendous loss to one community, and amounts to nearly 20 per cent of the total men the Canadian National laid off in Canada.

I should like to mention also the situation in St. John's, Newfoundland, which has not been mentioned of late. I quote from the *Labour Gazette* for November, 1953, page 1588:

> Virtually no change occurred in St. John's, Newfoundland, where demand and supply remained in balance. Skilled tradesmen such as engineers, plumbers, electricians, sheet metal workers and cement finishers were still in short supply and slight surpluses of semi-skilled and unskilled workers existed.

That was the situation in November, but I pick up the same magazine a month later, and from page 1724 I read:

> The labour situation in St. John's, Newfoundland, changed abruptly during November from one of balance to one of substantial surplus. The principal reasons for the change were seasonal slackening in local construction, a sharp reduction in defence construction in the outlying areas and the early closure of a number of logging camps.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Bell: Mr. Speaker, I submit that these figures I have just given on the St. John's, Newfoundland, unemployment situation show one of the sharpest increases in Canada. I would be interested to hear whether in any other area there is a greater increase. The figures show that from December 11, 1952, to December 10, 1953, there was an increase of 3,347 applicants for employment.

I do not think we should pass over the situation in the constituency represented by the Minister of Labour. Mention has been made of the situation in the textile industry in Marysville, and I do not intend to review it in detail. However, I would be remiss in my duty if I did not mention it. This is a beautiful little mill town with which everyone in New Brunswick is acquainted, and it has been virtually wiped out. This town that was established by one of our fabulous figures of a hundred years ago, "Boss" Gibson, as he was known, has been relegated to the position of a derelict city.

This was called directly to my attention when, shortly after the mill was rumoured to be closed down, there appeared in the Fredericton *Gleaner* pictures of the textile workers bearing the caption "Textile workers still cannot quite believe that the Mill will close". There was quite a bit of naiveté in that, to my mind. The thing that surprised a lot of us at the time was the fact that evidently it had been planned for some time, yet nobody in the Marysville area seemed to be aware of it.

Also in the Fredericton area we learned of trouble in the shoe manufacturing industry. This industry has been able to survive for many years in Canada, and we all have been very proud of the fine workmanship in the shoes produced in Fredericton. In recent days we have learned of a lay-off, but I understand that perhaps these men will be taken back on. However, surely it is a warning to us that something will have to be done for that industry down our way.

Then in Saint John, in my area, the people are taking this unemployment situation stoically. They are used to ups and downs in a Liberal-managed economy. But, Mr. Speaker, let there be no mistake about it; we have had a tough winter, so far as the port of Saint John is concerned. I have some more figures I want to place on the record regarding the Saint John situation. The latest unemployment insurance commission figures on the number of unplaced applicants show 3,091 for December, 1953, as compared with 2,611 for December of 1952. The November figures were 2,731 as against 2,500 of a year ago. Unofficial figures at Christmas time had showed an increase from 2,500 to 3,400 in the twelve-month period; and while there might be some comfort in the fact that

construction work could be stepped up again, this is a loss of revenue to the worker and the community that cannot be recovered.

My final figures I shall quote from the Montreal *Gazette* of February 17, 1954. This purports to be a report of the national harbours board which, I presume, will be available to us eventually in book form. The report is headed "Quebec Ports All Enjoyed Boosts in '53". I go down the column, and I see that in the figures for arrivals, net registered tonnage, and cargo tonnage, those of the eastern Quebec ports of Montreal, Chicoutimi, Quebec city and Three Rivers show substantial increases in 1953. I also note that Churchill, Manitoba, and Vancouver show increases. But I see, Mr. Speaker, that both Halifax and Saint John show decreases for 1953 in respect of these three categories, with the one exception that the net tonnage in Saint John was up substantially. However, as everyone knows these net registered tonnage figures do not mean very much. So we can take from these figures the fact that, of all the ports in Canada, Halifax and Saint John were the only ones which had decreases last year in tonnage figures.

I would ask consideration for the setting up of the committee recommended in the amendment offered by the hon. member for Vancouver-Quadra (Mr. Green). I feel that the committee might look into this situation and find out as to the truth of these figures. If the figures I have placed on record are not true, I would be pleased to hear it. But there must be some investigation of these facts and figures. In addition the committee could also consider recommendations in respect of and remedies for the situation.

Along that line I should like to offer two constructive ideas for the consideration of the committee, if and when it is set up. I think the ills of the maritime provinces and Newfoundland can definitely be cured by a realistic approach to the trade situation. In that connection I should like to quote what was said by the president of the Bank of Montreal when he spoke at its annual meeting recently. It may be that most hon. members are partial to the Royal Bank or the Canadian Bank of Commerce, but I lean toward the Bank of Montreal, with its conservative estimate of the picture as it affects Canada. The president of the Bank of Montreal had this to say:

> But we must do more. We must see to it that the words "Made in Canada" continue to be, as they have become, a hallmark of good value. This is much more than a matter of government trade policy. It is a charge on Canadians in general, and on labour and management alike, to improve efficiency and to exercise moderation and restraint in wage and price demands. It is clear that in the endeavour to maintain and expand markets, both abroad and at home the test will be the price tag.

I hope hon. members will notice that I have been fairly generous in using this quotation, because it does not pin the entire blame on the government. Nevertheless we do feel that they should be taking a forward approach in this matter. We are looking to them for leadership. There are many constructive ideas which could be considered by the committee. I am thinking of one to which reference was made in *Life* magazine a few months ago. I shall not go into detail, because the article is lengthy, but at least it is a new idea, a new approach, that might help us in dealing with the sterling bloc that seems to be affecting us so much in our European and commonwealth trade. This article is entitled "New Daring Plan to Unshackle Trade and Enrich the Free World". There is a lot of meat in this, and I would like to see the committee consider a proposal of this kind.

I have one other suggestion to pass on to the committee in connection with the matter of government help in local projects. I do not particularly like the idea of such plans, but we do feel down our way that some help must be given for these seasonal periods that are getting worse every year. We have a plan along the bay of Fundy which commends itself to me, and there has been considerable lobbying locally in the matter.

In this connection I should like to quote the words of a person who is vitally concerned with and knows the situation down there. This gentleman was recently appointed chairman of a committee to build a new road that would link our major city of Saint John with the Fundy national park. These are his words:

> This would be a very appropriate time, as I understand the federal government is spending $300 million to build the St. Lawrence seaway project and at the time when they have joined with the province of Nova Scotia to create Bar Harbor to Yarmouth ferry service. The federal government are paying 50 per cent of the cost of construction and the C.N.R. are going to operate the service. Now is the time for the federal authorities to construct the road which I feel is an essential part of the Fundy national park, which is owned by all the the people of Canada.

I would like to review the points I have made. I started out by saying that I had three reasons for entering the debate at this late stage. I offered these, and added figures which I found in government publications. If they are not true, then I would be pleased to hear it. I have offered one or two simple suggestions which I believe the committee could consider.

Perhaps I have used a few more quotations than would be desirable, but my main purpose in doing so was that I did not wish to be accused of sensationalism, or of painting a

gloomy picture, or viewing with alarm. I have tried to pick out facts and figures in the words of competent leaders throughout the country. I leave this with you.

In closing I should like to quote some words that appeared in the *Globe and Mail* of February 15, 1954. These are the words of Mr. H. A. Chappell of Ottawa, president of the Canadian brotherhood of railway employees:

> However, the preliminaries are just the same as in 1929.

I should like to interject here, Mr. Speaker, to say that there definitely was not a Conservative government in power in 1929. I continue:

> He said Trade Minister Howe and Finance Minister Abbott "both admitted there is a bit of a problem but it is not big enough for the government to take any strong action."
>
> "These autocratic and bureaucratic individuals tell us there is nothing to worry about and 1954 is going to be a nice year. I just wish I had the confidence in the immediate future they have."

This just about expresses my sentiments too, Mr. Speaker.

Mr. H. A. Bryson (Humboldt-Melfort): Everything seems to have been said that could possibly have been said in this debate, yet no subject, I imagine, let alone a subject as important as the unemployment question in Canada today, can be completely covered to the point where nothing remains to be said.

There is one factor, though, that I believe has been overlooked by other speakers who have taken part in this debate, and I should like to take a few minutes to deal with that factor. I believe it has a great bearing on the question of unemployment, and I believe it will continue to aggravate the situation for some time to come.

I am sure all of us in Canada are aware of the fact that a basic cause of unemployment is the position in which agriculture finds itself at the present time. Whenever our agricultural economy is threatened or becomes depressed the inevitable result is that we have a great increase in the number of unemployed in this country. That is especially true in those industries that are dependent on agriculture.

At the moment I should like to quote some facts and figures that would seem to bear out my contention that this is important. One is the fact that over the past few years a great many farms in this country have disappeared. The people who formerly occupied that land have drifted into industries in Canada. As a matter of fact, in 1947 the University of Saskatchewan carried out a survey in that province to ascertain how many people had left the business of farming and gone into other industries. They came up with some very astonishing figures, Mr. Speaker.

[Mr. Bell.]

In the province of Saskatchewan alone some 43,000 farms had completely disappeared. I do not mean that the land had disappeared, but those farms had been absorbed into other pieces of land to make what are commonly termed economic units. Nevertheless, the fact remains that those 43,000 families left the farms and went into jobs in other industries.

I should like to speak for a moment on some of the reasons for that exodus from the farms to other industries in Canada, and I am sure that what happened in Saskatchewan has happened in a smaller way in a great many other provinces in the Dominion of Canada. Changing economic conditions of course forced these people off the land. Some people would contend that this was a good thing. These people were farming uneconomic units and therefore were not providing food at the least cost to the consumer. Whether that is true or not, the fact remains that this has happened.

The bulk of these 43,000 farms were composed of quarter sections or less. During the war very little farm machinery was available, with the result that because of the tremendous speeding up of production farmers found at the end of the war that their tools of production were completely worn out. After the war came to an end—I will agree farmers had made considerable money—they were accused of buying machinery and spending a great deal of money unnecessarily. They had to spend this money in order to replace the tools of production that had been completely worn out during the war.

The price of farm machinery rose very rapidly at the close of the war. I am sure a great many hon. members will recall that when the steel companies asked for a 25 per cent rise in the price of steel a great deal of opposition came from this corner of the house, because we realized at that time that if steel were given this increase it would be reflected immediately in the cost of farm machinery. Because of the opposition from this corner of the house the steel companies did not get the 25 per cent increase in the price of steel, but they did manage to get a 12½ per cent increase.

The immediate result was that the cost of farm machinery increased markedly. As the farmers found themselves in the position of having machinery to pay for, the only way in which they could do it was to buy more land and produce more to pay for the machinery. So they went out and bought land, and as a result were able to make their farming operations more economical,

were able to raise more produce at a smaller cost. However, they found that they were not able to sell their production. They were not able to buy more farm machinery because they could not sell the grain they had grown. That was reflected in an unemployment situation in the farm machinery industry, the automotive industry and many other industries related to agriculture in this country. The result is that we have some half million unemployed, a great many of them having been employed in the industries I have mentioned.

This will probably get worse because 50 per cent of the farms remaining in Saskatchewan—and I said a moment ago that you will find this situation existing in other provinces—are still uneconomical. We are going to see another shift from the farms to industry because of that fact. We are going to have another fifty or sixty thousand people displaced from the land who are going to compete with employees in these other industries so far as work is concerned.

A great many things have been said during the course of this debate as to what can be done about a situation such as this. I am sure that an increase in unemployment insurance benefits would greatly help the situation. I think we all realize that is just a stopgap, and that is about all unemployment insurance was intended to be. It was intended to alleviate distress to the point where it would not be too great for the time being.

Mention has been made time and time again during this debate of the fact that we must dispose of our farm surpluses. We must introduce some forward planning into the agriculture industry to allow for the setting of some orderly production goals for farmers. Certainly I do not think the expense of such a plan should fall on the shoulders of the consumer; it should not be set up to do that. We must make a thorough examination of those industries upon which agriculture is dependent for machinery and so on, with a view to eliminating any trace or danger of monopoly or combine operations.

I think without exception every speaker has advocated the making of food available to hungry people. We are sometimes asked who is going to pay for these gifts of food to people in the underdeveloped countries of the world, because there is no doubt they would have to be heavily subsidized by the government. I would say that the people who pay for it should be the same people who are going to be asked to pay for the 50 Bristol Britannia transport aircraft which are to be built by Canadair at a cost of some $185 million to the taxpayers of this country. I say that those people should be the people to pay for any subsidization that may be necessary to get food into the hands of people in the underdeveloped areas of the world. It is time we had a closer look at this problem of world hunger and despair.

I am sure that we cannot delay much longer with these issues. We have to make up our minds whether we are going to be part of the cause or part of the cure of world conditions. As Canadians we must accept our responsibility. If we adopt the plan I have mentioned, of getting food into the hands of hungry people throughout the world, certainly it will be said that we were part of the cure rather than part of the cause for the conditions we see in the world today.

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, the issue before us is to my mind one of very great national importance, one that involves the lives and hopes of practically everybody in this dominion, I am somewhat amazed at the spectacle of the disinterest of the government in an issue which is of such paramount importance to the people of Canada. In a growing country like ours there is indeed nothing more important than the employment of our people. I know that no one can be pessimistic and view the greatness of our resources, our technical skill, the know-how of our people, their energy and all that is involved in this virile nation of ours. The progress that has been made in the last number of years gives hope and inspiration to our people.

I do not for a moment misunderstand the attitude of the government. Sometimes the seats are almost empty during this debate, and at other times cabinet ministers are showing very little concern about the issue. They are the greatest optimists in Canada. They make me think of the old saying—

Mr. McIvor: Hear, hear.

Mr. Rowe: The hon. member for Fort William says, "Hear, hear." He is the same. They do not care as long as it does not happen to them. I think the greatest illustration of a real, extreme optimist is the fellow who does not care what happens as long as it does not happen to him.

There are many people in this country who look upon this issue as an economic problem, and they do not expect a political brush-off. It is true that we have had great growth in this country, we have had swift and spectacular development, we have seen a country formerly agricultural in character change in a few years into a vast industrial country.

An hon. Member: By a Liberal government.

Proposed Committee on Unemployment

Mr. Rowe: Only about 13 per cent of our total national revenue is received from agriculture. We have a tremendous revenue from our industrial production. Someone says, "by Liberal policies." No Liberal policy of this country has ever—

Mr. Cardiff: In spite of them.

Mr. Rowe: It has developed in spite of them, as the hon. member for Huron says. They have been the greatest fair-weather politicians since confederation. They have been riding the gravy train for the last ten years. If it had not been for the cold or hot wars, this country would have had difficulties because of the weaknesses of Liberal administrations.

I have been here a number of years and I have known the policies of the Liberal party down through the years. Never since confederation has the Liberal party done very much to develop industry in this country. Indeed, in 1887 they fought an election over commercial union with the United States of America, and now they pack all their eggs in one United States basket. The Minister of Finance (Mr. Abbott) laughs, but it is not a laughing matter. Canada is more dependent upon the United States of America than any country in the world is dependent on any other country. No wonder congress may often consider us an adjunct during their prosperity and a victim of their recessions.

This is an important matter for a young, growing country like Canada. I know the Minister of Finance laughs, but there are a lot of people in this country—

Mr. Abbott: Laughing with admiration.

Mr. Rowe: I thank the minister for his compliment. I return the compliment more for his geniality than for any other reasons. I know these hon. gentlemen to your right, Mr. Speaker. I have been here for many years. I remember the same sayings that are being said now, the old hackneyed phrases about Tory blue ruin.

Mr. Sinclair: Hear, hear.

Mr. Rowe: Yes, "hear, hear"; and you were a Tory at that time yourself.

Mr. Knowles: Most of them over there still are.

Mr. Rowe: These hon. gentlemen who were talking about Tory blue ruin at that time were the very same hon. gentlemen who were printing whispers of death in their Grit newspapers in the days of Arthur Meighen. These were the same gentlemen who in 1928 and 1929 would not listen to the young workers. Oh, no; there were no hard times when hon. members to your left and others said there was unemployment. Oh, no; they were the whispers of death, not Tory blue ruin.

Mr. Speaker, there is no one in this house —and I will even give credit for this to those to your right, Mr. Speaker, as well as those to your left; and I know something of the political intrigues of both—or within sound of my voice tonight who wants a depression in this country. There is no hon. member here who wants that. Some of my hon. friends here, and a couple who are not here, have told us of their experiences in the thirties. There are many who can recall the 1930's; and there is not an hon. member in this house who is worthy of being a member of this greatest club in Canada who wishes a recurrence, even for his political satisfaction, of any depression such as that which we had in 1930.

An hon. Member: How about 1929?

Mr. Rowe: I am not concerned about the gibes and the heckling of these members who are just cutting their eyeteeth in politics. They do not disturb me for a moment, these men who show so much ability in their seats and so little on their feet. I have listened to them scores of times and I can spot them out all over this house. I notice that the members who throw gibes at my hon. friends to my left, and who make cracks here, are the ones who make the fewest speeches in this house. They are the men who stand on their feet the least but who talk so much when they are on their seats.

This is an economic problem, Mr. Speaker. It cannot be brushed off by a political brush-off. We are not preaching blue ruin. Surely there is no hon. member within sound of my voice who does not know that there is no well-run business which does not take warning for the future. As to these hecklers who started gibing, I would make this suggestion. If you are going to speak, get to your feet and say something rather than quack as you have been doing over the last number of years, adding nothing to the policy of your party, which has no policy in this regard.

Mr. Speaker, there are important issues in this country that should be faced. There is an important problem of unemployment at the present time. No one can watch the growth of this country and the great developments that have taken place, such as the discovery of iron ore and oil, and the great industrial expansion which has been brought about by other countries requiring our production in time of war, whether cold or hot, without being impressed. This government has brought about prosperity through

requirements for war—cold and hot—which are instruments of destruction and need no market. On the other hand, they have been packing all their eggs in one United States basket, building their prosperity chiefly on instruments of destruction that you do not need to sell, and encouraging people in construction expansion. The products that you are importing come from countries that produce more cheaply.

I say this to you. Just pause as businessmen and think, because I have noticed there are quite a large number of hon. members today in business. While the government is in business so much, I have not observed very much business in politics during the last few years around here. Surely it is not damaging to the strong economy of a young country like Canada to point to the dangers that exist. Surely it is a contribution rather than damage. By the government's attitude you would imagine that you should shout about prosperity but whisper about the dangers; do not mention those for fear you are going to cause a depression. Oh, yes, they say; if we have a depression it will be because the Tories talked blue ruin.

An hon. Member: Hear, hear.

Mr. Rowe: My hon. friend from Toronto says "hear, hear". He has not been here very long. May I point out to my hon. friend that you do not bluff yourself into prosperity or scare yourself into depression in a strong young country like Canada. Mr. Speaker, there is a fundamental principle at stake here. There is an issue at stake that should be looked into. We are not suggesting for a moment that we are facing any economic graveyard but I urge this upon the members of the cabinet, and there are so few of them in the house; in fact, the most important of them are all out. As I was saying, we are not suggesting that we are facing any economic graveyard. I wonder why these gentlemen want to whistle so much when there are so many people who are worried.

Mr. Weir: Who is whistling?

Mr. Rowe: You have been whistling for the last 20 years. You have been whistling a tune that you did not write yourself. You have been whistling about prosperity which came to you in spite of yourselves. Some people are born great, some achieve greatness and others have greatness thrust upon them. You have had greatness thrust upon you by world requirements. Mr. Speaker, there is no business or enterprise in Canada that is worth while which has not as its senior and most hungry partner the government of Canada, taking more out of the industries and corporations than all the shareholders combined, and hungrily trying to get more. Never before in the history of this country have we had a government in peacetime or in war taking so much from the people of Canada, the labour men and the farmers, hounding them up and down the sidelines and the concession lines for more taxes; taking more this year than they ever took before; and spending $184 million more on civilian expenditures than were spent in any year during the war or since. Yet this government goes merrily on spending more and telling the people to spend less. When I say that the government is the senior and hungriest partner of every enterprise in Canada, I do not think I am exaggerating that point.

Mr. Speaker, I think it is time we faced economic realities and forgot political expediencies. We have half a million people unemployed. The labour unions who have been here within the last week or so say there are 584,000 unemployed. The government say, "Oh, no; it is not very bad; there are only 524,000 unemployed". It is like the fellow coming home after a big night and telling his wife that he did not spend $584 but spent only $524. There may be half a million more who are on short time. There may be another half a million who are worried about what is going to happen to them. But "Oh, no", the government say, "we do not believe it; it is only seasonal".

Let no one tell you that to point to imminent danger is to do more than point to weakness in our economy. When the government is in business more than any government since confederation, then they should look at the situation. This is the only forum that we especially in the opposition can use. As to hon. members behind this row of cabinet giants and empty seats, the only speeches they make are wisecracks in approval of government policies they do not understand. While the opposition is small, Mr. Speaker, we are about the only group—we here and those to our left—who can express the views of the people. After all, parliament is the forum to which we should bring the grievances of our people.

I am satisfied that there are plenty of grievances, Mr. Speaker. The farmers of Canada are not too well satisfied when they find that over the last two or three years their profits have been falling at least 12 to 15 per cent every year, and that in many lines of products they are now getting half the price they got before. They worry because they see the great unsold surplus of wheat, greater than in any year since confederation. This is the first year in the last

25 that none of the previous year's crop has been sold. They are beginning to get a little concerned. They are worried because they see that our trade balance is half a billion dollars worse than it was in 1952.

These things concern the labouring men. They concern the people who are undertaking these expensive, extravagant and luxurious construction programs, encouraged by government whispers for fear they will call a halt to their construction. Does that help employment? Does it help employment for the government to tell us to spend less, while at the same time we know they are spending more? It does not help us. Producers are growing nervous because their prices are falling and their taxes are rising. Their costs are higher and their sales are lower. Surely it is not a crime, Mr. Speaker, to bring these facts before parliament even if we have this smug complacency of the government and its supporters, three-quarters of whom are not in the house.

Mr. Chevrier: Look behind you. Less than one-quarter of your members are sitting there.

Mr. Rowe: Yes, but look at the quality of what we have here and the quality of what you have there. Seldom in the history of the country, Mr. Speaker, have we had more people worrying about a problem outside the house and so few in the government even recognizing it at all. Seldom before have we had the people concerned about a situation and the government refusing to look. For years I listened to Mackenzie King, the great champion of Liberalism in this country, and I remember his slogan: wait and see, wait and see.

Mr. Knowles: Send it to a committee.

Mr. Rowe: Even the Secretary of State for External Affairs (Mr. Pearson) laughs at that.

Mr. Pearson: You have the wrong statesman.

Mr. Pickersgill: You have the wrong man.

Mr. Rowe: Maybe it was Mr. King's secretary. He was inspired so much by the Secretary of State (Mr. Pickersgill) that he was apt to say anything. But, Mr. Speaker, we remember that statement. I was here, too, when the new Secretary of State probably inspired him to say that he would not give a Tory province a five cent piece for unemployment.

Mr. Pickersgill: I was still in school then.

Mr. Rowe: The old policy of wait and see has now been changed to one of go on but don't look. Now they even refuse to look, let alone wait and see. I would urge the government to at least take one look. I do not think it would do our economy any harm. I do not think it would irritate our people. I do not think it would increase the discontent, dissatisfaction and worry of the hundreds of thousands of housewives who wonder where their husbands are going to get other jobs.

I know that deputations have come to Ottawa and presented their cases to deaf ears. I know that when the farm implement people came here the Acting Prime Minister (Mr. Howe) told them that if they could not manufacture farm implements they should go into something else. Even though these people had been working for 25 or 30 years at these jobs the government said, "Boys, it is simple enough; if you cannot make manure spreaders go back home and make baby shoes. It is all very simple. We can fix that up for you any time."

We have had this nonchalant, smug complacency on the part of the government. They think that any worrying is dangerous, that any suggestion of trouble is blue ruin, that any doubts about a prosperity which they think will never halt are whispers of economic death. No one can be pessimistic about the long-range pull, but surely no one is foolish enough to believe that the economic prosperity we have had and which has been based on such doubtful grounds, may I say, will not halt. We have shared in a general prosperity, not a prosperity based on any fiscal policy of the government.

It was only a short time ago that the government suggested in their trade and commerce magazines that no country in the world has lowered tariffs more than Canada. Yet we find that last year, with our small population, extensive construction programs and facilities to produce, half of the refrigerators sold in Canada—and there were 500,000 fewer sold because we had reached the saturation point—were imported from the United States of America.

Mr. Pickersgill: What would the hon. gentleman do about it?

Mr. Rowe: I know what you have done about it, and the responsibility is yours. I am like an outside doctor. It is time enough to prescribe when you are called in.

Mr. Pickersgill: May I ask the hon. member a question?

Mr. Rowe: Yes.

Mr. Pickersgill: The hon. member says that a doctor does not prescribe until he is called in. I call him in, sir. Let him prescribe; let him tell us what he would do.

An hon. Member: He has no prescription pad.

Mr. Sinclair: He is a horse doctor.

Mr. Rowe: One of the ministers suggests a horse doctor. I do not want to cast the reflection that the minister who asked the question needs a horse doctor. The new Secretary of State has invited me to come in. I am not quite sure what portfolio he would give me. He was lucky to get one himself, but may I say that before he left the Conservative party we had a policy for the development of our own resources in our own country and for the industrial development of this country such as the Liberal party has never had. The initiation of industrial development in Canada came about as a result of the fiscal policies of the Conservative party which my hon. friend left a few years ago in his days of young and immature judgment.

An hon. Member: He got on the gravy train.

Mr. Knowles: Now his judgment is old and immature.

Mr. Rowe: It is a dangerous type of optimism to worry only about what might happen to yourself. It is a dangerous type of optimism when a government that has so much to do with business refuses to look at the problems of business today. Do you mean to tell me there is an hon. member here who does not know what is happening to the textile industry of Canada? Do you mean to tell me there is an hon. member here who does not know what is happening to the automobile industry in this country? Do you mean to tell me there is an hon. member who does not know what is happening to the farm implement industry in this country?

I am not saying, Mr. Speaker, that the country is going to the bow-wows. I am only saying that it is time for us to stop, look and listen. The government refuse to stop. They heckle so much that they refuse to listen, and when you show them they refuse to look. Oh, yes; never was a more smug group in power since confederation. They have ridden the gravy train so long they say, "We do not care what happens as long as it does not happen to us". Hon. G. Howard Ferguson said that was the most extreme optimism the world has ever known, that of the man who did not give a d— what happened as long as it did not happen to him.

The government of Canada could be described in these apt terms, because even though able labour representatives have come here in the last week or two at great expense they have been brushed aside as though they were just political tramps. Their recommendations were not even considered. No; they were told to go and get other jobs.

I realize it is difficult to find a solution for all these problems. I realize the burdens of government today. They are heavy. They were heavy in time of war, they were heavy during the cold war, and they are heavy in the transition period between war and peace. But, Mr. Speaker, what have this government done to prevent dumping? They rescinded the dumping regulations in 1948, and we are now experiencing dumping in many lines of industry. What have they done to enable the farmers to sell their wheat? A few years ago they had a wheat policy, but it was the most mottled socialistic type of policy anyone ever saw.

I recall pointing out to the Minister of Agriculture (Mr. Gardiner), and I regret he is not here tonight, that no one had made more economic mistakes in a shorter time than he had. I said that a day would come when the price of wheat would be less, and he would have difficulty selling it. I am not like the old woman who says "I told you so", but I leave it to you to say whether or not he listened to me. Never since confederation have we had so much unsold wheat; yet this government sits complacently by and says that all is well. The Minister of Trade and Commerce seems to think that as long as he tells the public that next year is going to be better than last year, and 1956 may be better than that, and 1957 may be better again, all will be well.

The government encourages the building of more plants, yet we are importing the same products the plants are intended to produce. Hon. members from Quebec well know what is happening in the textile industry. The hon. member for Drummond-Arthabaska (Mr. Cloutier) and the Minister of Transport (Mr. Chevrier) should go back to their constituencies and tell their friends there is nothing wrong.

Mr. Chevrier: Why did you sabotage our textile legislation when we brought it down?

Mr. Rowe: Since confederation you have never had a sound textile or fiscal policy. In fact you never had a fiscal policy that you did not get from the Conservative party, but you put it into force so clumsily it never worked.

Mr. Chevrier: Is that why you sabotaged the anti-dumping legislation?

Mr. Rowe: There are those who are now crawling for cover and wondering who sabotaged what, because they know that

something has been sabotaged. The economy of this country has been sabotaged by a lack of policy. The industry of this country has been cramped and restricted by a government that has given no lead except to simply accept what has happened.

Down through the years our policy has been to develop our own resources within our own country to give employment to our own people. When a war or other emergency is upon us, Mr. Speaker, any policy will do. This country is powerful. No other country in the world even approaches Canada in vital natural resources, in technical skill and know-how. But, Mr. Speaker, it is unfortunate that today in the very lines in which we thought we were going to have great prosperity we see things slipping as they are.

I suggest that we have very little in the way of an immigration policy in Canada today. I am sorry the minister is not here tonight. Just as soon as there is a scare thrown up, then we stop bringing people into Canada. Have we established a standard of living that is too high? The Minister of Agriculture said in Rome that Canadian farmers could not afford to sell their products in the open markets of the world because they could not get enough for them. If we have set up short hours and high pay—and high taxes are as important as high pay—

Mr. Dupuis: Should they work longer hours for no pay? You spoke of short hours and large pay.

Mr. Rowe: I do not follow you.

Mr. Dupuis: I am following you all right.

Mr. Rowe: I hope you are, because then I shall not say what I was going to say. I know that some people are overpaid. If we are going to price ourselves out of the world market, as some hon. members on the other side have been bold enough to suggest, and if we are going to let products come into this country from countries that produce them for so much less, then does it not mean that we must bring more people over here to buy in our home market? This would enable them to build homes here and help develop the country. If our standard of living is so much higher than theirs and we cannot sell in some of these countries, then if we are going to function and produce immigration might be the answer.

I realize that the Geneva agreement, wisely or unwisely entered into, will be binding on this country for another year or two. But, Mr. Speaker, the day is rapidly approaching when Canada will have to look after her own economic affairs if she is going to maintain this standard of living about which we have been boasting and promising for the future. I believe it is just as simple as that. The government has new peacetime controls and is now in business more than it has ever been before. Yet the government refuses to face the problem we have.

I regret that the government will not accept our amendment. I do not think it would do any harm. Why do hon. members to your right, Mr. Speaker, refuse to look if everything is all right? Why are they afraid to examine conditions if there is no doubt about them? Why do they hesitate? Again I say that we may not be passing an economic graveyard, but why whistle so much? Why boast so much about the prosperity we have had and which some members think will never halt? While the government refuse to look at the situation today, we have some hon. members who look back for 25 years.

I regret that the hon. member for Temiscouata (Mr. Pouliot) is not in his seat tonight. Perhaps I may be pardoned if I say that I am probably one of the few who have sat in this parliament as long as the hon. member. I think he entered the house by means of a by-election six months before I did. I realize that over these years we have developed warm friendships. I realize that there is no name that has been more closely connected with the parliament of Canada than the name the hon. member for Temiscouata bears. His father and grandfather sat in this house for many years. But I do say his statements the other day with reference to my old chieftain, the late Right Hon. R. B. Bennett, were damaging to the dignity of this house, just as they were to the member himself. I regret very much that he has besmirched the pages of *Hansard* with such fantastic recklessness. Since the hon. member is learned in the law and has written books about parliamentary and legal procedure, no member has less excuse for violating the traditional dignity of this house and the chivalry that has existed down through the years.

I say, Mr. Speaker, that independent of any personal friendship and in fairness to my former leader, his charges that the Right Hon. R. B. Bennett sold short before 1930 to cause a depression and bring him into power are as untrue as they are unfair, uncalled for, undignified and unworthy of the hon. member.

Mr. Speaker: Order; the last qualification "unworthy of the hon. member" should be modified.

Mr. Rowe: Well, Mr. Speaker, I shall withdraw that. If they are worthy of him, I am sorry for him.

Mr. Speaker: Order. The hon. member will realize that the hon. member for Temiscouata is not in his seat at the moment. Expressions of that kind have been withdrawn before, and I would ask the hon. member to modify it on this occasion. I do not think he needs to have that on the record to make his statement absolutely complete. It is much preferable to withdraw it than to leave it on the record.

Mr. Rowe: Mr. Speaker, I certainly will bow to your ruling, because you are usually fair. I regret having used the term "unworthy". I realize, on second thought, that you are correct, and that "unworthy" is not parliamentary. I shall not substitute any other word, because parliamentary privilege does not permit the words I might use, despite my friendship toward the hon. member. I would hope that—

Mr. Speaker: The hon. member leaves on the record the statement that he would use words that would not be parliamentary. I do not think he can leave that statement on the record either. The hon. member has said that the statement was untrue, uncalled for, undignified, and then he added that it was "unworthy" of the hon. member. I would ask him to delete the expression "unworthy of the hon. member". That is all.

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

Mr. Rowe: I will—

Mr. Claxton: I would like to raise a point of order. The hon. member is referring to Your Honour—

Mr. Speaker: Order.

Mr. Claxton: The hon. member has suggested that you are "usually fair".

Mr. Speaker: There cannot be a point of order. I am asking the hon. member for Dufferin-Simcoe (Mr. Rowe) to withdraw. The point to be discussed now is one between the hon. member and myself. If, after that, the Minister of National Defence (Mr. Claxton) wishes to rise I shall listen to him. But at this moment the point is one between the hon. member for Dufferin-Simcoe and myself, and I think we understand the situation very well.

Mr. Claxton: But, Mr. Speaker, if I might make plain my position, and the point of order I have raised, it arises from what the hon. member said. In referring to you he said that Your Honour was "usually fair". I suggest that that is not proper.

Mr. Speaker: It all depends upon how one looks at it. I should think that if the hon. member for Dufferin-Simcoe thinks I am usually fair, he is using an ordinary expression which is often used, and perhaps uses it because he does not wish to amplify any complimentary remarks he may wish to address to me. However, I have taken what he said in the spirit in which I think it was offered. I have taken it as a compliment.

Mr. Rowe: Mr. Speaker, first of all I bow to Your Honour's ruling. I withdraw unconditionally my reference to the effect that any hon. member has made a statement in the house that is unworthy. I do not think even the Minister of National Defence would say that you are unfair.

Mr. Claxton: That is quite right.

Mr. Rowe: I think we are probably agreed on that.

Mr. Claxton: We are in accord then.

Mr. Rowe: However, I do just wish to remind Your Honour and the Minister of National Defence—the fragment of the entire government that is in the house tonight—that Right Hon. R. B. Bennett was not in the house, either, when the hon. member for Temiscouata (Mr. Pouliot) made his statement. So I have no apology for making my statement when the hon. member is not here, and I regret his absence very much.

But in his absence, Mr. Speaker, I would ask the Minister of National Defence, who seems now to be assuming the role of spokesman for the great party to which he belongs, if the hon. member for Temiscouata refuses to have expunged from *Hansard* these statements that shock all sense of chivalry in this House of Commons—statements that even Right Hon. W. L. Mackenzie King, Sir Robert Borden, Sir Wilfrid Laurier, and Right Hon. Arthur Meighen, as well as Right Hon. R. B. Bennett himself, would have forced any member of any party to have expunged from *Hansard*. And if he refuses to expunge them from *Hansard* I would ask the Minister of National Defence—

Mr. Claxton: May I answer?

Mr. Rowe: I will ask you to answer in a minute. Is there a single member in the historic Liberal party, that his stalwart supporters support so hilariously, who would not have asked that they be withdrawn? I ask the minister to answer.

Mr. Claxton: The hon. member has asked me to answer. I shall be glad to do so. I

would say that the hon. member for Temiscouata is always ready and able to speak for himself when he is here.

Mr. Rowe: Then, Mr. Speaker, I understand the minister speaks for the party and speaks for himself. And evidently—

Mr. Speaker: May I be allowed to speak at this moment. I know the subject matter of the amendment is one which has to do with unemployment, and I know that hon. members usually make their speeches as relevant as possible.

Mr. Knowles: "Usually".

Mr. Speaker: I use that expression in the same vein as the one that was used a moment ago. But, notwithstanding the fact that it might be highly desirable to listen much longer to the hon. member for Dufferin-Simcoe, I see that his time has expired. Indeed, it expired at 9.07. While I would be inclined to be lenient in certain cases with an hon. member who has been interrupted, I think he will allow me to say that in certain other cases one might not be so lenient, when perhaps interruptions are somewhat provoked. So I imagine the hon. member will now resume his seat because, as I say, his time has expired.

Mr. Dupuis: May I ask the hon. member a question. Is the Mr. Bennett to whom he refers the same Mr. Bennett who was supposed to blast his way into external markets?

Mr. Speaker: Order. I would imagine that question should not have been asked, because the debate is one that has to do with unemployment. It is true that quite some time ago the hon. member for Temiscouata made a speech when I was not in the chair—and I am not offering this as an excuse, because if I had been in the chair perhaps I would have let him make the speech he did referring to the depression of the thirties, but the Leader of the Opposition (Mr. Drew) has given a rebuttal to that speech. I was hoping that perhaps we would not go too far back on that subject. It is not one that has so much to do with the unemployment situation at the moment.

Let us get back to a discussion of the formula proposed in the amendment, that of setting up a committee to go into the matter of unemployment as it exists today. Is the house ready for the question?

Some hon. Members: Question.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, it is always with some trepidation that one follows in a debate the hon. member who has just taken his seat. My reason for doing so, however, is that I do not believe one or two facts in regard to the unemployment situation have even yet been stated in their entirety. Since I last had the pleasure of speaking on the subamendment the number of unemployed in my own home town of Woodstock, Ontario, has risen from approximately 1,000 to 1,250, and 950 of these are at present drawing unemployment insurance. This, of course, does not include the large proportion of the 2,000 textile workers in the community who are on short time.

The committee suggested by the hon. member for Vancouver-Quadra (Mr. Green) should be set up to examine the various factors causing unemployment at the present time. We hope that this committee, if it is set up, will look into the possibility of curing the unemployment situation. I feel there is a very definite necessity for such a committee, and this has been shown increasingly in the speeches delivered in the last day or so of this debate. The principal matter I should like to deal with in the few minutes I shall take is that which was in part referred to by the hon. member for Charlotte (Mr. Stuart). On February 16 last, at page 2140 of *Hansard*, the hon. member had this to say:

> If wages continue to increase—and apparently every union is asking for increases—we shall find that we have not only priced ourselves completely out of foreign markets but that we have come to the place where people at home will refuse to buy in the domestic market.

A little further on on the same page he said:

> Is it because there is overproduction of radios that they have not radios in those homes? No. The only reason that they have no radios is that they cannot afford to pay the price on the price tag that is hung on the radios.

Still further on the hon. member continued:

> Since the question has been asked by the hon. member to my left, I shall do so. I am sorry I did not bring the documents down to my desk. Just a few weeks ago advertisements were sent to me from two papers. One is printed in Windsor, Ontario and the other is printed just across that little bridge in Detroit, Michigan. On the same day two advertisements appeared in the two papers. They are advertisements by the Westinghouse people. They have to do with an automatic washer and dryer. In the United States on that particular day the price was $369.90 and in Windsor it was $689.

The hon. member continued his remarks, but I do not need to read any more. I think they illustrate the point I wish to deal with, namely the high prices of various products in Canada such as appliances, automobiles and automobile accessories. They have become so high in price that people cannot afford to buy them, and since people cannot afford to buy them production of these things has fallen off in Canada and accordingly people are being put out of work.

In this regard, sir, some very interesting remarks were made by one Ira G. Needles, president of B. F. Goodrich Company of Canada. Mr. Needles is a very prominent Canadian industrialist and he made these remarks in Preston, Ontario on February 17 last. I should like to read a brief report of Mr. Needles' remarks which are taken from the Kitchener-Waterloo *Record* of February 18, 1954, as follows:

"Canadian manufacturers are being unjustly criticized for the wide price variance between identical Canadian and United States manufactured goods. The fault rests with the federal government's 10 per cent sales and 15 per cent excise taxes, and the unrealistic practice of applying these taxes at the manufacturing level rather than the retail level."

The article goes on:

He explained that Canadian suggested selling prices must include all taxes, hidden and direct, while most United States prices were tax excluded. The government policy of collecting sales and excise taxes at the manufacturing level results in a retail mark-up being taken on the tax.

"On the popular 6:00-16 tire the tax effect is more than four times the net tax amount in the United States," the speaker said.

Mr. Needles supported his argument with examples of tire prices in both countries. "A 6:00-16 four-ply top quality tire which fits popular car models to 1934 to 1947 sells in Canada at the suggested price of $26.50 including tax. In the United States the same tire is advertised at $20.60, or 22·3 per cent lower.

However, if the sales and excise taxes totalling 25 per cent of the net selling price and the tax effect of the retail mark-up were removed the Canadian tire would sell for $22 as compared to the United States price of $20.60, a difference of only 6·4 per cent," explained Mr. Needles.

That illustrates roughly the effect of excise and sales taxes on products such as appliances, automobile parts and supplies. These taxes have another effect in a purely uneconomic way. They cause a great deal of mistrust and dissension among people in Canada. You hear statements by persons, such as the hon. member for Charlotte, who apparently have not complete knowledge of the situation and who believe that manufacturers are being protected by high tariffs and are taking an unnecessarily high mark-up. You hear questions such as why are prices so much higher in Canada than in the United States; that labour is getting too much and manufacturers are getting too much. This tax, applied at the factory level rather than at the sales level, accounts for much of the difference. The ordinary person is mistaken in his view of the matter, and the result is that labour unions and manufacturers come in for a great deal of unfair criticism. This kind of tax has stirred up a lot of mistrust in the country.

I should like to deal with another matter before I resume my seat. If a committee is set up to look into the causes of unemployment and to make suggestions for short-term and long-term remedies, there is one other thing I should like it to consider as well as the sales and excise taxes, namely the question which many of us have heard around the corridors during the last few days. I refer to the question of Canadian companies which are wholly or substantially owned by parent companies in foreign countries, and some of the foreign countries are close at hand. It is said that because of unemployment at home some of the parent companies have been in the habit of taking orders away from Canadian companies.

We have no figures available on this at the moment, but it is a matter that should be studied by the committee if it is set up. If parent companies which have subsidiaries in Canada are taking orders away from Canadian companies, then something should certainly be done about it.

That is all I have to say, Mr. Speaker. In resuming my seat I should like to support the suggestion of the hon. member for Vancouver-Quadra that a committee be set up to look into the causes of unemployment and try to find a cure for the present situation.

Mr. H. P. Mang (Qu'Appelle): I do not want to prolong this debate any longer than necessary. Because of the few times I have been on my feet I have not burdened the house for very long, and I do not intend to do so now; but there are a few factors that enter into the employment situation in Canada which have not been emphasized, and I want to mention them, if for no one else's satisfaction at least for my own.

Employment in Canada is dependent upon certain basic realities which we are concerned with. We are employed in Canada because of the kind of country in which we live. I submit that there are four main factors which we should take into consideration as a basis for considering remedies for our unemployment situation. Unless we have a basic approach to the problem we shall neither get a long-term solution nor be able to provide an immediate solution that will stick for any length of time.

Basically we are in this position in Canada. There are four factors that enter into the picture. First of all, the basis of our prosperity is our natural resources. Our standard of living has been built up and our secondary industries have been built upon the exploitation of those natural resources, which in the main are five in number. First is the land; then the fisheries; then the millions of acres of timber area, our trees and our forests; and then the rocks which yield the minerals.

Under the rocks in Alberta we have found oil, and we are going to find oil on the prairies. That is the basis of our economy; that is the basis of all employment in Canada.

I am trying to place our employment picture in its proper perspective. I know we can sit down and do homework for five or six or ten hours, or even three or four days, and we can get statistics and gather all the figures. I have statistics piled four feet high up in my office, and if I went through them and had the ability as a parliamentarian I could make a five-hour speech on all the different factors that enter into the economy of Canada.

But that is not the important thing. Sitting down for three or four hours and getting a whole lot of figures and statistics and that sort of thing is not going to lead us to a solution. It is being able to get down to basic facts and using those basic facts as a foundation to do something, to do some high-class figuring and gather the economic factors that enter into prosperity, standards of living, markets, employment and so forth. Then and then only are we going to get anywhere.

We can get all these figures; we have had them for weeks, but they do not mean anything until we get down to the basis upon which our economy depends, upon which our employment depends, upon which our standard of living depends, upon which our exports and markets depend. Natural resources and their exploitation are the basic foundation of the economic development of this country, and provide the basis for all employment. I do not like to talk about unemployment; I like to talk about employment. Let us approach this problem of unemployment from that perspective.

The second factor which enters into this problem in Canada is the climate. We are situated on the northern part of North America. This is the second factor we have to take into consideration. We have rigorous winters. We have spring, then summer, then autumn and then our winter. Some obtuse remarks were made this afternoon about this government or hon. members on this side waiting for the balmy breezes of spring to waft us out of this unemployment era.

An hon. Member: Some hope.

Mr. Mang: Climate is a very important factor. I put it as the second factor in our employment situation. We have employment in Canada at the times we have because of our climate.

Mr. Winch: The workers have to eat in the winter, too.

[Mr. Mang.]

Mr. Mang: That is right. If my hon. friend has patience I shall come to that. I do want to be brief. The third factor is geography. We talk about trading, the necessity for trade and the influence of world trade upon our employment situation. As I say, geographically Canada is situated on the northern half of the North American continent. On the east we have the Atlantic ocean; on the west we have the Pacific ocean, and to the south of us we have the United States. I have heard a few obtuse remarks pointed at the United States, but after all they are geographically our southern neighbours. Whether we like it or not, they are there. Whether they like it or not, we are here. Our geographical position does affect the flow of our trade—if the hon. member for Moose Mountain (Mr. McCullough) can restrain his levity—and that has a definite effect upon our markets and our employment situation in Canada.

The fourth and most important of all factors is the brain, brawn and calibre of our people working in harmony with the geographical, climatic and natural endowments which we have in this particular part of the world. If we are to get a long-term solution to our employment problem we must consider these basic factors. Until we appreciate them there is no use talking about palliatives such as increasing unemployment insurance or having the government ask the taxpayers to build dams and public services of one kind and another.

We must realize what constitutes the basis of all employment in Canada, the basis of our prosperity, our standard of living. Our natural resources are the basic reason for having people employed in this country. They have enabled us to create a certain standard of living. We contend as farmers, as workers or as citizens of Canada that we cannot reduce that standard of living. We have got up to a certain level and we want to stay there.

This standard of living has been built up on the factors I have mentioned. In order to preserve that standard of living we must trade with other countries; we just must. There are many things which we cannot produce in this country, which come only from other countries. We talk about the large project at Kitimat, but while we supply the power in order to produce the aluminum we must get the bauxite from somewhere else in the southern hemisphere, and another mineral from somewhere else. They are required in order to produce the aluminum, and thus we enter the international trading phase of the employment situation in Canada.

It is upon that basis only that we can find a permanent solution. It has been pointed out here over and over again that the responsibility rests entirely upon the government and the people who support the government on this side, the ordinary Joes like myself, who have been made to appear as though we do not realize the problem. I do not think there is any group in Canada or anywhere in the world today which recognizes the problem more definitely and more sincerely than we who sit on this side.

Since 1935, because of the policies which have been enunciated from this side of the house, we have been able to widen our markets. As one example, we have sold our wheat in 67 different countries. Within the last few days I had people in my office who came to tell me what the government should do in order to expand markets and international trade. I think this government has been remiss in not telling the people of Canada in a dramatic way that at the present time we have trade representatives who are trying to sell the goods which the people of Canada produce. We have trade representatives in practically every free country of the world. They are knocking at every door.

Just last week I was down to visit this exhibit that is being sent over to Holland. Arrangements are being made for a big trade fair at which Canada will be represented, to show the things the people of Canada make and which we want to sell. That has been going on all the time. The trouble with this government is that it is too modest in publishing its accomplishments. These things are being done all the time.

The people of western Canada were surprised to find that we were selling wheat in 67 different countries of the world. It is true perhaps not so much was sold here as there or some other place, but as the Scots say, many a mickle make a muckle; and if we sell 5 million bushels here and 10 million bushels there, the first thing we know we have got rid of some of our wheat. The same thing holds true all along the line.

I do not care what government you had sitting to your right, Mr. Speaker, they could not do more than is being done today. The whole matter of employment is tied up with the international situation. If we look at our papers today, what are the two things that we find emphasized most? We find that those two things are world peace and trade. Those two questions cover the front pages of every newspaper in Canada today. Those are the things upon which the government is working. What do you think the Prime Minister (Mr. St. Laurent) is doing this very night while we are sitting here listening to gibes from the opposition? He is on a good-will mission trying to establish human relationships so we can work towards peace which, in its wake, will bring confidence between nations and between peoples. Especially is he trying to establish those human relationships by which the goods that we make in this country can be exchanged for the goods made by people in other countries and which we want, thereby enriching us both.

I am getting just a bit tired, Mr. Speaker—and I know I am not the last to speak—of listening to what we have been hearing. Sometimes it gets a little bit too much under my skin and I speak in spite of myself. As a matter of fact I do not like making speeches, but on the other hand I do not like to have anyone say that we are lacking in appreciation of the difficulties presented by the international and the national situation at the present time. I do not think there is anyone in this house who can take first place in that regard over the people on this side of the house.

If we are going to get anywhere I think we must have—on the part of labour and management, in all sectors and sections of our economic life—discussions between one another. By these discussions we shall be able to arrive at a solution to the employment problem. It will not be easy. You cannot do this overnight. You cannot solve the unemployment problem by having the government act as agent for the taxpayers and hiring all those people who are unemployed.

There is one thing we must remember. I tried to mention it before. The government can spend only what the people whom they govern or for whom they do public business are ready to contribute. If they want to put a great deal more into, shall I say, the kitty, then we can spend a great deal more. There is in existence a public works program running into hundreds of millions of dollars. It will be used only when, in the judgment of the people who are in control of our government, the time is right. That time may come soon.

I just want to come back to this dramatic picture of a lackadaisical government whistling and waiting for the sap to run in the trees when these unemployed people will be back at work. I know that we in western Canada are going to be able to use all the people we can get in the development of the building programs that we have, and so forth. I know these things are not popular to say. It is always difficult to make the ordinary facts of life dramatic. The people in the opposition

are very happy, I might even say, with present conditions. It is—I do not know whether I should say it or not; it is nothing personal—the answer to a political prayer, not a personal prayer. No one in the opposition wants to see unemployment. No one wants to see distress; but politically they do.

Some hon. Members: Oh, oh.

Mr. Mang: I might mention something I read in the paper not so long ago. Perhaps I should not say it, but at least I saw it in the paper; I do not know whether or not it is true. One of the members in this house was in Toronto and was advising a certain political organization to see to it that handbills were handed out explaining how this terrible situation in which the people found themselves could be rectified according to the program they had outlined. I have no objection to that procedure. That is all in the deal, but that will not provide a solution.

Without holding up this house for any great length of time, what I am trying to do is emphasize that we in Canada must appreciate the basic facts with regard to our natural resources, our climate, our geography, the quality of brain and brawn of our people and their character, and the financial institutions that we have. We must harness all these, and base our thinking upon these fundamentals. Then we shall come to a long-term solution of unemployment and also be able to decide what immediate steps should be taken.

We are often told that we need a war. I am one of those, Mr. Speaker—and I think I am one of a million—who conscientiously believe that there will not be another war, for the very reason that we are today living in a different age from that in which we used to live. We are living in the Christian era of 1954, but actually we are living in the year 9 of the atomic era. The other era was ushered out with the first atomic bomb that was dropped on Japan. The new era was ushered in with the second atomic bomb that was dropped on Japan. We must now reorientate all our thinking upon the basis of this new era. I hope there will be enough brains, enough sense and enough humanitarianism among the people who are at the head of our affairs in the world—and I see plenty of signs of it—that we are not going to have another war. This cure that is being brought forward for unemployment, with respect to getting into armaments and so forth, will not, I think, persist. But we are going to bring about a solution to our employment problem, our prosperity problem and our standard of living problem only if we assess all the basic facts and base our thinking upon them and not so much upon these multitudinous bushels and barrels of figures that are thrown on to the floor of the House of Commons. A solution will be found only if we will get down to brass tacks, assess the world situation, see where we as Canadian people fit into it and then have some high-pressure thinking not only on the part of the government and private members but on the part of trade union leaders, trade union economists, farm organizations, business organizations, and the bankers of Canada; if we get together and discuss it.

This is the era of negotiation. As Dag Hammarskjold said the other day, this is the age of responsibility. Let each sector of the economic life of Canada shoulder its fair share of responsibility. We on this side of the house will take our share. Then we will go forward together to build a greater Canada.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I do not wish to belabour the house with a discussion on unemployment, but I want to congratulate the hon. member for Qu'Appelle (Mr. Mang) on taking such a short time and not reading four pages of print.

The house divided on the amendment (Mr. Green) which was negatived on the following division:

YEAS

Messrs:

Adamson	Johnson (Kindersley)
Argue	Jones
Balcer	Knight
Barnett	Knowles
Bell	Lennard
Blackmore	Low
Blair	Macdonnell
Brooks	MacInnis
Bryson	MacLean
Cameron (Nanaimo)	McCullough (Moose Mountain)
Campbell	McGregor
Cardiff	Mitchell (London)
Castleden	Monteith
Charlton	Nesbitt
Churchill	Nowlan
Coldwell	Patterson
Diefenbaker	Pearkes
Drew	Quelch
Ellis	Regier
Fairclough, Mrs.	Robinson (Bruce)
Fleming	Rowe
Fraser (Peterborough)	Shaw
Fulton	Stanton
Gillis	Starr
Green	Stewart (Winnipeg North)
Hahn	Thomas
Hamilton	Tustin
Hansell	White (Hastings-Frontenac)
Harkness	Winch
Hees	Yuill—63.
Hodgson	
Holowach	
Howe (Wellington-Huron)	

NAYS

Messrs:

Anderson	Eyre
Applewhaite	Fairey
Ashbourne	Follwell
Balcom	Forgie
Batten	Fraser (St. John's East)
Beaudry	Gauthier (Lake St. John)
Benidickson	Gauthier (Nickel Belt)
Bennett (Grey North)	Gingras
Boisvert	Gour (Russell)
Bonnier	Gregg
Bourget	Habel
Bourque	Hanna
Brown (Brantford)	Hardie
Brown (Essex West)	Harris
Bruneau	Harrison
Buchanan	Hellyer
Byrne	Henderson
Cameron (High Park)	Henry
Cardin	Houck
Caron	Huffman
Carter	Hunter
Cavers	Jutras
Chevrier	Kickham
Claxton	Kirk (Antigonish-Guysborough)
Cote	
Croll	Kirk (Shelburne-Yarmouth-Clare)
Denis	
Deschatelets	Lafontaine
Deslieres	Langlois (Gaspe)
Dickey	Lapointe
Dumas	Leduc
Dupuis	Lusby
Enfield	MacDougall
MacEachen	Robichaud
MacKenzie	Ross
MacNaught	Rouleau
McCubbin	Schneider
McCulloch (Pictou)	Shipley, Mrs.
McIlraith	Simmons
McIvor	Sinclair
McWilliam	Smith
Mang	Stick
Mitchell (Sudbury)	Stuart (Charlotte)
Pearson	Tucker
Philpott	Valois
Pickersgill	Viau
Pommer	Weaver
Power (St. John's West)	Weir
Proudfoot	Weselak
Purdy	Winters
Reinke	Wood—101.
Robertson	

Mr. Fulton: It being nearly ten o'clock, Mr. Speaker, may I move the adjournment of the debate.

On motion of Mr. Fulton the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall continue this debate.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, March 2, 1954

The house met at 2.30 p.m.

CRIMINAL LAW

CONCURRENCE IN SECOND REPORT OF JOINT COMMITTEE

Mr. D. F. Brown (Essex West) presented the second report of the joint committee on capital and corporal punishment and lotteries, and moved that the report be concurred in.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Fulton: On division.

Motion agreed to on division.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petitions for private bills presented on February 26, 1954, together with the reports made thereon by the clerk of petitions on March 1, 1954, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable, namely:

1. Of Claire Labelle Cousineau, divorce;
2. Of Isabel Mary Peebles Brown Macartney-Filgate, divorce;
3. Of Margaret Pearl McNamara Rowlatt, divorce;
4. Of Eastern Telephone and Telegraph Company for an act amending its act of incorporation.

Motion agreed to.

FIRST READINGS—SENATE BILLS

Bill No. 314, for the relief of John Wright Sinclair.—Mr. Hunter.

Bill No. 315, for the relief of Florence Jean Moffatt Tucker Johnston.—Mr. Hunter.

Bill No. 316, for the relief of Margaret Hilda Popper Parker.—Mr. Hunter.

Bill No. 317, for the relief of Cecil Alfred Ellis.—Mr. Hunter.

Bill No. 318, for the relief of Robert Jackson.—Mr. Hunter.

Bill No. 319, for the relief of Madeleine Marguerite Faure Eden.—Mr. Hunter.

Bill No. 320, for the relief of William James Cutler McKillop.—Mr. Hunter.

Bill No. 321, for the relief of Agnes Mary Kelly Winters.—Mr. Hunter.

Bill No. 322, for the relief of Florence Elizabeth Hough Topp.—Mr. Hunter.

Bill No. 323, for the relief of Roch Cote.—Mr. Hunter.

Bill No. 324, for the relief of Domina Emerius Lefebvre.—Mr. Hunter.

INCOME TAX

ALLEGED INSTRUCTIONS TO DEPARTMENTAL STAFF

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to direct a question to the Minister of National Revenue. Is it a fact that orders have been issued to the staff of his department to file an affidavit, in addition to producing official receipts for charitable donations, when submitting their income tax returns, which procedure is illegal?

Hon. J. J. McCann (Minister of National Revenue): The answer is that instructions to members of the staff are matters of internal operation and are confidential. It is not considered to be illegal to give instructions to members of the staff with reference to their own personal income tax returns.

ATOMIC ENERGY

USE IN PRODUCTION OF ELECTRIC POWER—REQUEST FOR STATEMENT

On the orders of the day:

Mr. George H. Hees (Broadview): I should like to direct a question to the Acting Prime Minister. With reference to the Reuters news dispatch appearing in a morning paper headed "Atom Generator for Electricity Planned for the United Kingdom", could the minister advise the house what steps are being taken towards producing electric power from atomic energy in Canada?

Right Hon. C. D. Howe (Acting Prime Minister): Several weeks ago a group was established to make an evaluation study of atomic energy for power purposes. The members of the group are representatives of the Ontario Hydro Electric Power Commission and of several private power companies. The study is well advanced, and it is hoped that actual plans for the installation can be undertaken shortly.

ADMINISTRATION OF JUSTICE

CORNWALL—CONTEMPT OF COURT PROCEEDINGS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Justice. It has to do with the order for

imprisonment made by Chief Justice McRuer against Edward Bryan of Cornwall the other day for contempt of court. Without in any way implying that this was an improper course, I would ask the minister upon what authority Chief Justice McRuer could, in fact, substitute the sentence of a fine for imprisonment after the sentence had been commenced, and whether or not the governor in council issued an order in council in order to permit him to exercise, on the Queen's behalf, mercy, clemency or pardon.

Hon. Stuart S. Garson (Minister of Justice): I gather from my hon. friend's question, Mr. Speaker, that what he wants to know is whether the governor general in council passed an order in council which was the basis for the order made by Chief Justice McRuer. The answer to that question is, no.

With regard to the rest of his question, may I say that it has to do with the administration of justice which, as I think he knows, comes within the exclusive jurisdiction of provincial authorities, and his question might more properly be asked of the attorney general of Ontario.

Mr. E. D. Fulton (Kamloops): May I direct to the Minister of Justice a supplementary question arising out of the answer he has just given to the hon. member for Prince Albert. I wonder if the minister would care to make some amplification or modification of his answer, because if he does not care to do so—

Mr. Speaker: Order. The hon. member should put his question.

Mr. Fulton: May I ask the minister whether, in the absence of such further modification, we are to take it that the exercise of the prerogative of clemency lies within provincial jurisdiction?

Mr. Garson: My hon. friend should not take that; he knows quite well that is not so, and he does not need me to instruct him on that point.

Mr. Fulton: Your answer means that.

Mr. Garson: My answer means no such thing. My answer was to the effect that if there were any defect in the procedure adopted or in the order made by the chief justice, it has to do with the administration of justice in Ontario which, under the British North America Act, comes squarely within the responsibility of the provincial authorities.

[Mr. Diefenbaker.]

UNITED NATIONS

SUGGESTED AMENDMENTS TO CHARTER—SUBMISSION TO EXTERNAL AFFAIRS COMMITTEE

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Secretary of State for External Affairs. Is the government considering any amendments to the United Nations charter, in view of its revision next year? If so, is the government prepared to submit its suggestions to the committee on external affairs with a view to stimulating interest in Canada in the forthcoming revision?

Hon. L. B. Pearson (Secretary of State for External Affairs): The hon. member was good enough to give me notice of his question. The answer to the first part of the question is yes. Consideration is being given to this matter. With respect to the second part, as he probably knows, the 1955 assembly of the United Nations may decide to establish a charter revision conference. Pending that decision, a resolution was passed at the last assembly asking the secretariat to do certain preparatory work in this regard and make certain documentary studies. The government appreciates the interest shown previously in this matter by the committee on external affairs, and I would hope that at an appropriate time the committee might be used to give consideration to it; especially when we have received the preparatory documentary work which is now being undertaken by the United Nations secretariat.

FAO COMMITTEE MEETING—INQUIRY AS TO CANADIAN REPRESENTATION

On the orders of the day:

Mr. W. M. Johnson (Kindersley): I should like to direct a question to the Minister of Trade and Commerce. Is Canada represented at the meeting of the FAO committee on commodity problems dealing with the problem of agricultural surpluses, which is currently being held at Washington?

Right Hon. C. D. Howe (Minister of Trade and Commerce): My colleague the Minister of Agriculture is more familiar than I am with FAO problems, so I shall ask him to answer the question.

Right Hon. J. G. Gardiner (Minister of Agriculture): The Acting Prime Minister has shown me a copy of the question, and the answer is that, when the committee was set up during the FAO conference at Rome to meet in Washington to consider commodity problems, Canada was not placed upon it. We

have not a representative there, but it was understood that if it was necessary to have an observer they could call upon Mr. Hopper, who is at the embassy in Washington representing Canadian agriculture, and if they were considering questions which might concern Canada it was hoped he would be called in for discussion. Up until now he has not been called upon.

POSTAL SERVICE

ALLEGED DELAY IN MAIL DELIVERIES TO SERVICE PERSONNEL IN KOREA

On the orders of the day:

Hon. Alcide Cote (Postmaster General): On Friday last, the hon. member for Prince Albert asked me a question seeking information about the delivery of mail in Korea. Today the hon. member for Greenwood called my office seeking similar information. Since speaking on Friday last to the hon. member for Prince Albert, I have had inquiries made in regard to mail service to the troops in Korea and am advised that there has been no justifiable cause for complaints. I have also had inquiries made at the Department of National Defence and have received a similar reply.

I thought that hon. members would like to know also that up to the present it has been possible to forward all letter mail by air, whether prepaid for air or surface transmission. It so happens that the necessary extra space has been available on the aircraft, and advantage has been taken of it to transport surface letters as well by that means. Records show that it generally takes from three to six days for this mail, which is dispatched three times per week from Vancouver, to reach the troops. It naturally takes longer for parcels. They are dispatched on an average once a week, with a transmission time of about one month. The elapsed time will vary, depending on whether or not the parcel makes a good connection with the transport.

We are confident that the mail service to the troops in Korea is operating on a sound basis, but I would like to assure the hon. members that if they know of any specific instances where mail has been unreasonably delayed, and will give me the facts, I shall be glad to have a detailed inquiry made and take any corrective measures that may be possible.

Mr. J. M. Macdonnell (Greenwood): May I ask a supplementary question? Will the Postmaster General ascertain if there is any means of increasing the frequency of mails, perhaps by co-operation with the United States authorities, because at the present time there seeems to be dissatisfaction amongst the troops?

Mr. Cote: I shall be glad to look into the matter.

PRIVILEGE

MR. MCCULLOUGH—REFERENCE TO REMARKS OF HON. MEMBER FOR QU'APPELLE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I rise on a question of privilege, Mr. Speaker. On page 2562 of *Hansard* for March 1, 1954, the hon. member for Qu'Appelle (Mr. Mang) interjected the following remark into his speech:

> . . . if the hon. member for Moose Mountain (Mr. McCullough) can restrain his levity . . .

I take exception to that, Mr. Speaker. There was no levity on my part and no interjection. However, I may have had a pained expression due to the apparent lack of understanding of the serious ramifications of unemployment indicated by the words of the hon. member for Qu'Appelle.

INQUIRY FOR RETURN

JOHNSTON-WESTERN CANADA PROJECT —ALLOCATION OF FUNDS

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Secretary of State if he would please make inquiries to see whether he can expedite an order of the house passed in my name on February 8, 1954, for a copy of letters and other correspondence in connection with a V.L.A. project in the vicinity of Kamloops. I point out that it is nearly a month now since the order was issued.

Hon. J. W. Pickersgill (Secretary of State): Certainly, sir.

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CHANGE IN WEDGE CAP INSIGNIA

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): I should like to ask the Minister of National Defence if he has a reply to my question of February 15.

Hon. Brooke Claxton (Minister of National Defence): I have a reply to the question put by the hon. member, but it does give rise to some other matters which should be dealt with at the same time and they are still receiving consideration.

Deportation of Polish Seaman

Mr. J. H. Ferguson (Simcoe North): I should like to address a question to the Minister of National Defence. When will he reply to the question which I asked him, and which is of the utmost importance in the dominion, concerning the replacement of the crown in the insignia of the Royal Canadian Air Force? I do not want any other answers, but I want the one answer.

Mr. Claxton: Mr. Speaker, apparently the hon. member did not hear or understand the question put by the hon. member for Brandon-Souris, which preceded his question by about a week, and to which I have just given an interim reply. The urgency of this matter may be judged from the fact that the order, not taking away the crown but introducing a new badge, was passed just over two years ago. The badge came into use about a year ago.

Mr. Ferguson: On a question of privilege, Mr. Speaker, this government does many things about which very few people hear until years later.

Mr. Speaker: Order. That is not a question of privilege.

Mr. Ferguson: On a question of privilege, this is an urgent matter for all Canadians, and I want a reply.

SUPPLY

The house resumed, from Monday, March 1, consideration of the motion of Mr. Abbott for committee of supply.

DEPORTATION OF RICHARD NOWALINSKI

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, by ancient usage and time-honoured custom an opportunity is granted any private member who has a grievance, or who feels that an injustice has been done to any private citizen, to bring this to the attention of the government and the house before supply is passed. I have such a grievance which I wish to place before the house at this time.

On July 7 of last year the Seaboard Shipping Company of British Columbia notified the immigration officers in Vancouver that a certain Polish seaman had deserted from a vessel of theirs, which was known as the *Nordpol*. At the same time the captain of the *Nordpol* notified the immigration authorities at Chemainus, British Columbia, that this seaman had deserted. The seaman's name was Richard Nowalinski.

Richard Nowalinski on the following day reported to the immigration officer in Victoria. There he explained the situation to the officer. He was granted a conditional release on a bond of $1,000 being placed on his behalf by the president of the Catholic Women's League of Victoria, and other people who are interested in looking after the welfare of new Canadians arriving in this country. As a result of this bond being deposited, Richard Nowalinski was able to obtain employment as chief engineer on one of the vessels of the Victoria Tug Company Limited, he having become an experienced engineer and one familiar with diesel engines in Poland before arriving in this country.

The order for deportation was eventually passed and was subsequently appealed by Richard Nowalinski, the Roman Catholic bishop of Victoria and other people supporting that appeal. Mr. W. McGregor, managing director of the Victoria Tug Company, reported that this man's work had been eminently satisfactory, and offered him a permanent position with that company.

However, on the request from the Seaboard Shipping Company in a letter signed by Mr. E. J. Moller of that company to the Department of Citizenship and Immigration in Vancouver, Nowalinski was tranferred to Vancouver. The request was made in these words:

> Please arrange to have him—
>
> That is Richard Nowalinski.
>
> —transferred to your Vancouver jail at your earliest convenience.

That was dated July 22, 1953. That Polish seaman remained in the Vancouver jail of the Department of Citizenship and Immigration, in spite of numerous protests by various people, until the 31st day of December, 1953, when, at almost a moment's notice, he was hurried away from Vancouver under police escort, was sent across to Vancouver island, and on to Port Alberni, where he was placed on board another vessel and was shipped out of the country.

The unusual circumstances of a man who apparently had only two crimes against him, one that of leaving a ship, and the other of hatred of communism and a determination to get away from behind the iron curtain, were brought to my attention at the end of last year and caused a great deal of interest on the Pacific coast. When it was found that an order had been issued for his deportation and that an appeal was made, a form known as immigration form 55 was signed as an application by two people, Mrs. W. Rogers, who is head of the Catholic women's group looking after immigrants coming to this country, and Mr. William McGregor, managing director of the Victoria Tug Company, asking that Richard Nowalinski be granted permission to come to this country and reside here.

After giving a brief description of his illegal entry into Canada and explaining that he worked as chief engineer on board a tug owned by the applicant's company, before being sent over to Vancouver, the application then went on to say:

The applicant therefore knows—

That is, the managing director of Victoria Tug Company.

—the proposed immigrant personally and knows his qualifications, and is most anxious to obtain his services, as it is impossible to find replacement for this man in this area.

The report goes on to say:

Representations have apparently been made to the minister by the local Roman Catholic bishop and Mr. McGregor.

And then, in the words of the immigration official who took this submission:

This application is submitted at this time as the applicant feels that since the proposed immigrant is a refugee and cannot obtain a valid passport from any country, he will be unable to land at any port to make application on his own behalf for admission to Canada.

Then the application goes on to say that the settlement arrangements are satisfactory, and this is signed by the immigration officer and approved by Mr. J. McDonald, acting immigration officer in charge at Victoria.

However, at the request of the shipping company, this man was taken from the employment where he was earning money and his own keep, and carrying out a useful job, and was placed in jail in Vancouver. That was in July of last year. From his cell in the immigration jail he wrote to various people soliciting their help. Amongst those to whom he wrote was the president of the United Nations. He set out his case, and that appeal was eventually sent to the immigration branch here in Ottawa. The appeal is given in the letter which Nowalinski wrote to the United Nations' office. The office of the high commissioner for refugees outlines the experiences which this unfortunate man had after he escaped from Poland in order to avoid the penalties which an anti-communist might expect in a country behind the iron curtain. He wrote not only on behalf of himself, but on behalf of two other immigrants, one a Yugoslav and the other another Pole who were then also in the immigration office jail at Vancouver.

This is his letter to the president of the United Nations:

We are respectfully approaching you with a request for the help of the United Nations, as we do not know to whom or to where we should properly apply. We are political refugees from Poland and Yugoslavia, and would like to know whether the so-called right of asylum actually exists, and if so, where we have to apply for it.

I have so far sought it many times, in Sweden, Norway, Belgium, Egypt, England and now Canada, but all those countries categorically turned me down.

I fled from Poland on a Swedish ship in 1949, and am to this very day without the right to stay in any country at all. From the Swedish boat I took refuge in Egypt, where I asked for asylum. This was refused, and I spent three months in prison there, after which I was put on a Finnish boat. When I arrived in the United Kingdom, the local immigration authorities put me in prison, where I spent fourteen days before being returned to the boat I had arrived on. On reaching Belgium, I discovered that the boat was bound for Poland, so I naturally ran away, and reported to the police in Antwerp, asking whether I could stay in Belgium. They arrested me and I spent another two months in prison, after which they put me on a Norwegian boat. Arriving in Norway several months later, I applied to the local authorities for the right to stay in that country, but, of course, met with refusal. After six weeks in prison, they packed me off on another Norwegian boat, on which I spent two years.

In the meantime, I wrote on several occasions to the immigration authorities in Norway and to IRO in Paris, likewise receiving negative replies. At the moment, we are being detained by the immigration authorities in Vancouver, British Columbia, Canada, for being in Canada illegally.

As we have never been punished for criminal offences, we cannot understand why, or for how long, we must continue to wander like vagabonds over the face of the earth and lodge in prisons all over the world.

At the time of the German invasion, we fought in defence of our country's freedom, and I personally served for three years in the Polish army.

The current political situation is such that it is absolutely impossible for us to return to our homeland. Yet no one else will take us in.

Accordingly, we respectfully ask the United Nations to examine our difficult position, as there is no other authority which is willing to take an interest in us or to look into our circumstances.

As none of us have a valid passport, it is impossible for us to seek legal entry or immigration into any country whatsoever. All we want is to be able to find a permanent home and work, no matter where. We would like to mention that our ages range from 25 to 32, and that we are skilled workers, and do not wish to spend our lives wandering all over the place in ships.

We are human beings, and as such are surely entitled to settle down in a free country, and to stay and work there. We earnestly beg the United Nations once again to consider our difficult plight, and await your favourable reply very anxiously, but also very hopefully.

That letter was sent on with the request that this man's condition be inquired into. It was pointed out that the purpose of writing was to urge that the case be given every consideration and to state that if an investigation disclosed that these persons were worthy of help the international rescue committee would be willing to provide them with some financial assistance. It would also be glad to contact some voluntary or ethnic societies in Vancouver to solicit their assistance in finding jobs. The letter goes on to state:

We have already contacted the Polish Canadian congress with this object in view.

Nowalinski was retained, as I have already pointed out, for this incredibly long time in

the jail in Vancouver. The reason given for his retention all that time was that the ship which had brought him to Canada was expected at almost any date. Then there was another ship of the same company that was going to come, and it would take him away. In spite of the representations which were made, in spite of the fact that it was pointed out time and time again that this man had no opportunity of making a proper application to come to Canada, that wherever his ship landed he would not be allowed to set foot on land legally, and therefore would be denied the facilities of making proper application, this man was eventually deported. The application to which I have already referred was submitted in Canada on August 26 by the managing director of the Victoria Tug Company. Shortly after that Nowalinski became quite seriously ill and despondent. He appeared before a medical officer, and that medical officer reported that his condition was quite serious; that he was in a very depressed state of mind and the doctor was fearful that if he was placed on board a ship and sent away he might commit suicide.

This man had a family, with one child, who were in Poland. He had never heard of them since 1949 when he left that country. He did not know whether they were alive or not. I said they were in Poland; they were in Poland if alive, but he had had no communication with them at all.

When this matter was brought to my attention, I asked the minister's department whether it would be possible to allow this man out of jail again, as his health was suffering; whether it would be possible for him to go to his friends in Victoria just for Christmas. The minister's department concurred in that suggestion. They felt it would be perfectly reasonable to allow him out of jail provided that adequate bonds were put up, and he could go to his friends to have a rest and get a decent meal at the Christmas holiday season. In fact, the department here wired their branch office in Vancouver instructing that this man should be released, but apparently that did not meet with the approval of the shipping company, which seems to have had some concern in this matter. I have a letter which was sent by Mr. E. Just Moller, operating department of the Seaboard Shipping Company Limited, to the Department of Citizenship and Immigration, Vancouver, dated on Christmas eve, December 24, 1953, which reads:

> Referring to your telephonic suggestion that Nowalinski should be set free because of the Christmas holidays, and considering the six-month stay in your custody, we regret that we cannot agree. The owners have instructed us to sign him on board the M.S. *Nordpol*, due in Seattle about January 1, 1954.

Despite the instructions sent out from the office of the minister here in Ottawa to the officials in Vancouver the shipping company overrode those instructions. They said, this man may not go out to his friends for Christmas. It must be remembered that the only crime was of trying to escape from behind the iron curtain. However, there were people on the Pacific coast who were interested in this man's welfare and they besought the office of the Department of Citizenship and Immigration in Vancouver to do something rather than to wait for the *Nordpol* to arrive in Vancouver.

Then an incident occurred, which was perhaps happy for the department and the shipping company. Another vessel arrived on the Pacific coast. There had been strikes and men had left the vessel because of poor conditions. This vessel has not a very savoury reputation on the Pacific coast. There was thus an opportunity for the local officials of the Department of Citizenship and Immigration to shanghai or press-gang this unfortunate man and send him under police escort on board this vessel, the S.S. *Calygera*, just an hour or an hour and a half before the vessel sailed. There was no opportunity for him to get in touch with his friends to say goodbye or anything like that.

The vessel left Port Alberni and has made its way to Capetown, South Africa. This man wired from Capetown indicating that he was anxious to know whether it would be possible for him to submit an application form from Capetown for re-entry into Canada. He was told that there were no immigration facilities in Capetown and he must wait until such time as he reached some port in Europe where he would be allowed to disembark and go before the proper medical authorities and make a new and proper application for entry into Canada. Under date of February 22 the Minister of Citizenship and Immigration (Mr. Harris) wrote to one of the parties who were interested in Nowalinski's welfare and he concluded with this remark:

> However, as the offence against Mr. Nowalinski is solely desertion, this will not be held against him if he applies for permission to return to Canada through the proper authorities and is found able to comply with all the requirements.

If this unfortunate man is not able to get off his vessel or if his vessel does not go to a port where there are the proper facilities of the immigration department, how will it be possible for him to submit a proper application? Already an application has been made by a man who is prepared to give him employment with the Victoria Tug Company. He has been tested there and found to be a hard worker and a suitable man.

I am the last person in the world to condone any form of desertion. I realize how essential it is for the government and the immigration authorities to clamp down on seamen deserting ships and trying to make illegal entry into Canada. But surely there is a difference between a Lascar seaman trying to desert from an ordinary freighter and a refugee who is trying to find asylum after having escaped from behind the iron curtain. Surely when any responsible person in Canada, such as a director of a company, is prepared to put up bond—I have it in writing—of $50,000 for this man, or who has already put up a bond of $1,000 and guarantees him a job; surely when this man has made a proper application on the form supplied by the department endorsed by a responsible lady who is president of the Catholic Women's League of Victoria and who has a working organization behind her guaranteeing this man employment, guaranteeing him a home, prepared to take him into her own home; surely when she is supported by the clergy of his church, one of whom is an escaped Pole, I cannot help thinking that a distinction should be made between a refugee of that nature and an ordinary seaman coming to this country.

I feel that I have been justified in raising this issue at this time. I appeal to the minister to take some action in connection with this case and not to have this poor unfortunate man being shipped from vessel to vessel and hounded all over the world without any place to go, without any opportunity of filling in the proper papers, when an application for his admission into Canada has been signed already.

I know that Mrs. Rogers is not a close relative, but this man has proved his worth. I appeal to the minister to take some action in connection with this case and see if something cannot be done, and also to give consideration to similar cases where refugees from behind the iron curtain are seeking asylum in this country.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, I shall be very brief and indicate almost immediately something which probably will meet with the approval of my hon. friend. May I say without any criticism whatever that had the hon. member spoken to me before this debate commenced, or had he notified me any time in the last 24 hours that it was his intention to raise this point, we probably could have avoided this debate. I shall conclude what I have to say by reading a departmental memo which came to my hand just now after the hon. member began speaking and for which I sent, not having had any notice up to that time that the hon. member intended to raise this point. The memo reads:

> General Pearkes now inquires as to whether this man may be examined and what travel document we will accept as it is indicated this man has not been allowed to remain or land in any country. He understands—

I presume that is the hon. member for Esquimalt-Saanich.

> —that the vessel on which he is now employed will be proceeding to the United Kingdom from South Africa.

I paraphrase the next sentence for obvious reasons, that certain inquiries are now satisfied.

> When examined at Victoria, Nowalinski was in possession of a Free Poland passport issued at Dublin, Eire, on May 17, 1950, revalidated to September 4, 1951.
>
> In order that the case may be concluded, I would recommend that the application of Mr. McGregor be accepted as meeting the requirements under section 18 (2) of the regulations and that our London office be instructed that they may grant visa on his meeting health requirements.

There follow the initials of the recording officer and a stamp on the corner "approved". I take it that that would not have to come to my attention since the department would have taken the appropriate action.

I hope that this satisfies my hon. friend. I agree he has every reason to raise this question because we are regularly confronted with the problem he has put so clearly, namely, how to distinguish between an ordinary stowaway and one who is conceivably a refugee who happens to have taken up seafaring as the only means of getting away from circumstances of which he disapproves.

Mr. Pearkes: I endeavoured to get in touch with the minister's office at noon and I spoke to his officials this morning, and I might mention that the papers which I asked for last January 25 were only tabled yesterday.

SUPERANNUATED CIVIL SERVANTS— C.N.R. PENSIONERS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I hope the Minister of Finance (Mr. Abbott) will be equally prompt in endeavouring to deal with a grievance which I wish to bring to his attention and to the attention of the house. I shall try to make my statement of the matter as brief as I can, but I should point out that many of us have a real grievance in that the Minister of Finance has not yet dealt with the matter about which I wish to say a word at this time.

I refer to the continuing plight of superannuated civil servants, particularly those in the lower brackets, and also to the plight of

the retired employees of the Canadian National Railways, especially those who are on the basic pension of only $25 a month, or little more.

It may be asked why I direct both of these matters to the attention of the Minister of Finance. I do so because it has been made clear that from the government's point of view the only way in which the government could deal with these matters is by way of putting an item in the estimates. When I have raised this matter previously during discussions on bills relating to civil service pension matters, the Minister of Finance has said that the only way to provide for an increase for superannuated civil servants in the lower brackets would be by way of an item in the estimates.

When I have raised the question of low pensions received by many C.N.R. employees it has been suggested to me that this was a matter for the C.N.R. to deal with, but as yet the C.N.R. has not taken any action, in reply to which I have pointed out that there is one small group of railway pensioners who are given some advantage by an item in the estimates. Hence both of these matters call for items to be placed in the estimates.

Now, Mr. Speaker, as everyone knows, before the end of this month the Minister of Finance, if he follows the annual practice, will be tabling supplementary estimates. We usually get that document towards the end of this month, and incidentally we are usually told that it has to be put through by the end of March.

I imagine the Minister of Finance is working on these supplementary estimates at the present time. That is the reason why I feel the matter is of sufficient urgency for me to raise it today in the hope that I can yet persuade the Minister of Finance to put two items in the supplementary estimates to cover the two groups of people to whom I have referred.

I do not wish to indulge in any form of witchcraft or fortune telling. I would not want to come under the ban of the Criminal Code in that respect. But I will go so far as to make the prediction that the Minister of Finance will not be bringing down supplementary estimates on many more occasions. In fact, since June 22 is not so far away I would not be surprised if on or about that date there might be quite a change in the life and affairs of the Minister of Finance. Perhaps it is surprising that I should pick on that particular date but it happens to be the date when the present Chief Justice of the Supreme Court of Canada becomes 75 years of age and I wonder whether there might not be a change involving the present Minister of Finance.

At any rate, I am sure the Minister of Finance, who has done a job which hon. members on his side of the house commend so highly, would like to tidy up some of these loose ends before he lays down this job, and I appeal to him strongly not to go out of his department leaving unfinished the problem of doing something about the pensions of these two groups of people.

With respect to the case of the superannuated civil servants, the minister knows that the figures as to their situation have been placed on the record and before the public on many occasions. I have in my hand at this moment a copy of *Hansard* for December 2, 1953, and I am looking at page 538 where answers are reported to questions which I asked at that time. I find that there are 325 retired civil servants drawing pensions of less than $20 a month; I find there are a total of 1,549 drawing pensions of less than $40 a month, or a total of 2,395 drawing pensions of less than $50 a month. Likewise there are 1,025 widows of retired civil servants whose pensions are less than $20 a month. There are 2,962 widows whose pensions are less than $40 a month, and there are 3,736 widows whose pensions are less than $50 a month.

As the minister knows, other jurisdictions have dealt with this problem. The government of the United Kingdom has passed bills on a number of occasions adding supplementary amounts to the pensions being received by civil servants already retired.

The United States government has done likewise. There have been at least two or three times when the position of those already retired has been improved, and when that government has recognized its responsibility to help people in view of the increase in the cost of living since they went on pension.

In this country at least two provinces, the province of Newfoundland and the province of Saskatchewan, have done something for their retired civil servants, whose pensions were in the low brackets. There are a few instances of private employers doing something along these lines. The Canadian Pacific Railway, which is not noted for its generosity in these matters, has done at least something with regard to the pensions of those in the lower brackets, between retirement and the age of 70.

As the minister knows, I believe the government should take the lead in these matters instead of always holding back and

following only what everybody else has done. However, the minister tells us, with respect to matters like this, that in his view the government should follow rather than lead. I suggest a lead has been given and that the minister should not delay any longer in dealing with this very important question.

It has been somewhat annoying to me, I may say, to have the minister tell me time and time again when I raise this question that those I am interested in have his sympathy too, that he appreciates the figures I have put forward, and so on, and that he is always prepared to give the matter consideration. But in spite of that nothing has yet been done. In the meantime, as I believe he knows, a great many representations have been made by organizations representing these people. They have been made to the minister, to other members of the government and to members in all parties and in all parts of the house.

Naturally I am in touch with a good many of these organizations, and I think it is only fair to say they have indicated to me that there have been many favourable responses from hon. members in all parts of the house. I believe that would indicate that there is wide support among the private members of this house for something being done in respect of these groups of people.

I have already given figures respecting superannuated civil servants. Similarly, Mr. Speaker, the retired employees of the Canadian National Railways include a great number whose pensions are ridiculously low. Something was done a couple of years ago by way of improving the pension plan of the Canadian National Railways. There is no doubt but that the new plan improved the position of quite a few of those who were already retired. In fact, as of March 16, 1953, according to *Hansard* for that date, at pages 2953 and 2954, answers to certain questions of mine showed there were 2,728 former employees who had had their pensions increased by an average amount of $17.13 a month. However, even in respect of the improvement that took place in the case of C.N.R. employees already retired, I have to point out that with regard to those whose pensions were less than $50 a month there were only 375 who got an increase, and their average increase was only $5.76 a month. On the other hand, if you go to the upper brackets you will find that those whose pensions were $150 a month or over before the change was made had an average increase of $61.23 per month. There were only 119 of those.

Similarly, it is true that those still in the service of the Canadian National Railways have had their pension plan improved even as the civil servants of Canada have had their pension position improved so far as those still in the service are concerned. But there are these two groups, the superannuated civil servants on the one hand and the retired employees of the C.N.R. on the other, who were retired some time ago when their pension benefits were much lower and for whom nothing has been done.

May I say briefly with respect to retired Canadian National employees that, according to the figures on the pages of *Hansard* for March 16, 1953, to which I have already referred, there are still seventeen whose pensions are less than $25 a month. There are 3,206 whose only pension from the Canadian National Railways is the basic pension of $25 a month. There is another group of 5,832 whose pensions by various combinations range between $25 and $50 a month. I might say that the cut-off point in these figures is $49.99 a month, so when you add them all together there are 9,055 retired employees of the C.N.R. whose pensions from the railway are less than $50 a month.

It is those two groups in the main, the superannuated civil servants numbering 2,395 and 3,736 widows, together with the 9,055 retired employees of the C.N.R., all of whom are receiving less than $50 a month, about whom I feel very strongly that something should be done at this time. I am not going to spend time using the kind of argument that could very well be used, the kind of argument that the man in the street is using very forcefully these days, namely that there seems to be money available for increases of other kinds and there seem to be more increases coming in addition to the ones that have already been put through at this session of parliament. There is a motion on the order paper involving a change with respect to certain other salaries from a statutory basis to a basis whereby they will be decided by the governor in council. If I know how these things work, that means an increase is coming there. I suppose the clamour in some newspaper columns for increases in the salaries of judges will probably be looked upon favourably by the government.

The man in the street sees that money seems to be available for people in much better economic circumstances than the retired pensioners to whom I have referred. Why is it that year after year goes by with nothing being done by the government to meet the plight of these people, as well as

other groups in whom I am keenly interested? As the minister and the house know, my information and my files on these two questions are voluminous, and I could go on but I will not. The case is on the record over a number of years and I am sure, as I have already said, that there is wide support amongst private members in all sections of the house for something being done for these people. I ask the minister not to treat this just as the same old debate that the member for Winnipeg North Centre raises every once in a while, not just as something he has got to get rid of somehow, but rather as the serious question that it is.

If I am right, the minister is now in the midst of preparing the supplementary estimates which will be brought down for the end of this fiscal year, which is at the end of this month. I plead with him in the name of these two groups of people to include in the supplementary estimates the necessary items to increase these pensions, particularly for those in the lower brackets. Let there be no further delay.

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, if my hon. friend will allow me, I have a budget meeting at four o'clock and I think perhaps I should make my views clear on this question in case we are delayed. I shall try to follow the example set by my colleague the Minister of Citizenship and Immigration (Mr. Harris), and be brief in dealing with this very important matter.

Mr. Knowles: And as generous?

Mr. Abbott: I think I can do so because I have had to deal with this question on a number of other occasions. The hon. member for Winnipeg North Centre (Mr. Knowles) is of course not the only member of the house who is interested in the matter. A great many members are interested in it. I have received representations from many on both sides of the house. He has cited before the figures he cited this year as to the number of pensioners under the Public Service Superannuation Act and the Canadian National pension plan who are in receipt of relatively small pensions.

I am not too familiar with the Canadian National pension plan because of course that is primarily the responsibility of the management of the Canadian National Railways. But I am familiar with the civil service superannuation plan because I am responsible for introducing such amendments to that plan as are made from time to time. It means very little for my hon. friend to quote figures as to the size of these pensions without indicating the length of service of the pensioner.

[Mr. Knowles.]

In point of fact, the civil service superannuation plan is probably the most generous pension plan in Canada. It is certainly one of the most generous and one of the most favourable for the pensioner. It is quite a bit more favourable than the pension plan of the Canadian Pacific Railway, to which the hon. member alluded, and in which I understand some adjustments were made.

It means very little to cite figures of pensioners who are in receipt of pensions of $15 to $20 a month. They may only have been, and probably were, in the government service a comparatively short time. One must assume that while they were employed in other walks of life they were or should have been, in common with hundreds of thousands of other Canadian citizens, making some provision for their own pension needs. I have always felt that the position of the civil service pensioner was no different from that of any other Canadian citizen who may not be eligible for a pension plan, who may not be working for a company which has a pension plan in force or is self-employed and is required to furnish his own pension either by buying annuity policies, by buying a government annuity, by investing in bonds, or by any other form of investment which he believes will make the best provision for his later years.

Since the recipients under pension provisions of that kind have no means of getting an automatic increase in their pensions because of the effect of inflation or any other cause, I have never felt that those who are in receipt of pensions provided by taxpayers who are putting up the money for them should be in a better position than those taxpayers themselves. It is for that reason I have consistently said in the house I felt there was not a case for treating civil service pensioners in any different way than the holder of any other contractual obligation. I still hold that view. Under those circumstances, I think my hon. friend will appreciate that I have no intention of recommending the inclusion in the supplementary estimates of an item to provide for an increase in those pensions.

Mr. Knowles: And the Liberals applaud that statement.

Mr. J. H. Blackmore (Lethbridge): Notwithstanding the reasons which the minister has given, I feel that the members of this house and the government ought to give most serious consideration to the plight of all those who now find themselves unable to live upon the incomes which they are receiving, and who are unable to increase those incomes

by any means available to them. I feel that we cannot possibly escape that responsibility. In a country that is producing $24 billion worth of goods a year, there can be no conceivable excuse for permitting anyone to suffer from the lack of the necessities of life.

While I am dealing with that question, in respect of which I support the hon. member for Winnipeg North Centre (Mr. Knowles), I wish to direct attention once more to the intolerable plight of our senior citizens. The cost of living has so increased that our senior citizens are again the victims of slow starvation. This is a matter not to be tolerated at all by the people of Canada, and particularly by the members of parliament in this dominion.

Mr. Speaker: Is it the pleasure of the house to adopt the motion to go into committee of supply?

Motion agreed to and the house went into committee, Mr. Gauthier (Portneuf) in the chair.

DEPARTMENT OF AGRICULTURE

1. Departmental administration, $432,490.

Item stands.

DEPARTMENT OF FISHERIES

129. Departmental administration, $315,090.

Item stands.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

210. Departmental administration, $470,422.

Item stands.

DEPARTMENT OF TRANSPORT

443. Departmental administration, $1,456,640.

Item stands.

DEPARTMENT OF VETERANS AFFAIRS

507. Departmental administration, $2,214,867.

Item stands.

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

Mr. Harris: Perhaps I might say just one word to repeat the understanding which I think we reached about the manner in which this particular item would be dealt with. I think it was understood that the item being called covered the construction of the national film board building in Montreal. Of course, it covers as well all the other matters in the province of Quebec, but it was agreed that we would confine discussion at first to the business of the national film board building and when that was completed we would carry the item after other discussion that there might be on that particular item. We would then revert to the item covering general administration of public works.

The national film board, as hon. members know, Mr. Chairman, has been confined to nine or ten buildings in the city of Ottawa since its inception, and under those conditions have done what I consider an excellent job on behalf of the public of Canada in the production and distribution of film. The film board has twice been reconstituted, so to speak, that is, a revision of its statute and its activities, the last one being in 1950, and there was a parliamentary committee of this house in 1952.

The decision which has been made to build the buildings to house the activities of the board in the city of Montreal or Ville St. Laurent, as it is more properly known, dates back at least two years and was communicated both to the committee, as I recall it, and to the house. The references were set out in certain remarks made by the Prime Minister, and referred to by the Leader of the Opposition earlier in this session, and will be given in more detail as the debate proceeds, if there is a debate. The real purpose, however, of building at this moment is to house in one building the activities of the board because of the manifest inefficiency which now exists through having to conduct their operations in nine or ten places. It is accompanied as well by a policy decision that the national film board, generally speaking, with its present activities, is a continuing need in this country, and one which this government should maintain.

I quite realize that there has been at various times criticism of the film board and its activities. But, as happens in so many cases, that criticism is in our opinion more than offset by the support given to the board by the many public bodies, and by the obvious demand for the product they turn out.

The board therefore presented to us over the past three or four years urgent requests for the construction of a suitable building. Now, before it was decided to accede to these requests it was passed upon, first by the Massey commission, and secondly by J. D. Woods and Gordon Limited. And I might interject here that I did not suggest in the statement I made earlier in this session that the J. D. Woods and Gordon report recommended a site in the city of Montreal. If any such impression was gained from what I said it was unintentional on my part. It was

merely that they recommended a building, and the government accepted that decision.

I have noticed in the press that the building itself has been described in various terms, very few of which have any semblance of reality. It is quite true that the contract price was $5,250,000, and that is a considerable sum of money to spend at any time. But the building now contains only those items which in the opinion of the board are essential for the proper functioning of their activities.

There may be marble walls, as I have heard it reported. If so, then they are very limited, in the entrance hall itself. No luxury of that type is being indulged in, in any way. However, the equipment of the building, the essential equipment, which now is not owned by the board, and which they feel is necessary for a proper carrying out of their duties, as laid down by them, is the establishing of a stage from which they can take acting films for use in their work. They now have to rent similar facilities, and in fact do from time to time rent those facilities from others.

It is true that there is in the building a small auditorium, one which is to be used of course for the viewing of films as they are being produced, as they are being cut, and so on. The committee will understand that the production of films is an expensive process. One does not do this without the expenditure of some money. Indeed, I believe the estimates contain an item in the order of $3,200,000 this year for the national film board. This sum is expended in the production of approximately four hundred films of one kind or another, including newsreels, feature length films, so called, dub-ins, and other types of films.

For that reason, and after careful consideration of the facilities available in private industry, and recognizing that the government's position in respect of the board has always been that it is providing certain results which could not be provided otherwise, and after a review to see if that is still the case, the government concluded that it was, and thought we should vote this sum of money for the purpose of providing a building for the film board.

I do not propose to develop anything further at the moment by way of justification for the expenditure. The details of the building are of course more properly within the knowledge and competence of description of the Minister of Public Works. To some extent my remarks may have been out of order, except for the belief on our part, when we discussed this matter the other day, that it would not be possible, Mr. Chairman, to confine the debate wholly to the actual building itself, since no doubt hon. members would like to discuss whether or not any building is needed.

However, the details of that building, its probable cost and the information as to its value, can be discussed by the Minister of Public Works, who is not only now in the position of having the terms of the contract before him but as well in my opinion, as I said before, is responsible for the present efficient management of the national film board and has brought it to the point where I think it is discharging in excellent fashion the duties laid upon it by parliament.

Mr. McIlraith: Mr. Chairman, I should like to take the time of the committee to say something about this item. May I preface my remarks with the statement that in a general way I approve of the work of the national film board. I think it is very good, and has been well conducted. As a matter of fact I have wondered at times how they have been able to carry on as well as they have in the quarters in which they were housed.

My concern with the matter arises from the one point of moving the site of the film board from Ottawa to another city, another part of the country. Unfortunately, perhaps I am guilty, along with other hon. members, of not realizing earlier that this move was imminent. As a matter of fact, it may not be possible to excuse oneself on that score; but whether we can or cannot, we are confronted now with a situation in which a contract has been let for the construction of a building in Montreal for the film board.

My request today is for a withholding of the actual work under that contract until some matters of policy are discussed and settled, and the announcement concerning them is made.

I think perhaps it would be of interest when discussing this matter to look at the National Film Act, itself. If one reads the headnotes in the act he will find that the purposes of the board are set out in section 9. Perhaps it would be helpful if I were to place it on record. Section 9 is as follows:

> The board is established to initiate and promote the production and distribution of films in the national interest and in particular
>
> (a) to produce and distribute and to promote the production and distribution of films designed to interpret Canada to Canadians and to other nations;
>
> (b) to represent the government of Canada in its relations with persons engaged in commercial motion picture film activity in connection with motion picture films for the government or any department thereof;
>
> (c) to engage in research in film activity and to make available the results thereof to persons engaged in the production of films;

(d) to advise the governor in council in connection with film activities; and

(e) to discharge such other duties relating to film activities as the governor in council may direct it to undertake.

In addition to these purposes of the film board, subsection 1 of section 11 has a direct bearing, and it reads:

(1) Except with the approval of the governor in council, no department shall initiate the production or processing of a motion picture film without the authority of the board, and the production and processing of all motion picture films by or for departments shall be undertaken by the board unless the board is of opinion that it is in the public interest that it be otherwise undertaken and authorizes it to be so undertaken.

In other words, if the two sections are read together, it becomes clear that the function of the board is primarily directed to advising the government on the production of films for government use, and it is contemplated of course that such films will not be produced otherwise than by the film board, without their concurrence.

The situation as I see it is this. The work of the film board has increased from year to year, and in the main it has been very good work, until last year when the number of films produced was of the order of 400. This is certainly an increase in work and involves some new departures. Of that number of 400 films, I have not the precise details as to how many were made for government departments or directly in connection with the work of government and how many originated with the film board itself. That raises two or three new questions, questions that never existed in the early work of the film board because of the nature of its work.

The first question is that of censorship. It is, I would think, obvious that in the field of film production, other than films produced for government departments in connection with work that comes within the orbit of federal authority under the British North America Act, the films are subject to provincial censorship. Before we embark on the erection of this building I should like to see some clarification of whether or not the government is going to be able to continue in that new field of production of films. If it is, what is the relationship with the provincial authorities in the field of censorship? That is a new problem or matter of policy that has to be settled with respect to the film board, and that did not arise or exist to any appreciable extent four years ago when the first preliminary steps were taken to acquire a site in Montreal for a new plant. That problem of course exists whether the film board is located in Ontario, Quebec or anywhere else. It is a problem that is going to affect the size of operation, and therefore in my view is a problem that will have to be dealt with as a preliminary to the construction of any building wherever located.

Mr. Diefenbaker: Will the hon. member permit a question? What does he as a lawyer think of the authority or jurisdiction of a provincial government with respect to censorship of films of an organization of the federal government?

Mr. McIlraith: I would think they have no right at all of censorship of those films that have to do with other government activities that clearly are within the federal jurisdiction. Let me answer the hon. member for Prince Albert by taking an example. Assume that we are dealing with a film having to do with the work of the Department of Agriculture, or that part of it that is clearly within federal jurisdiction. I would think that such films would not be subject to censorship by the provinces. It is when you get into this other class of film that is not directly related to federal government activity that the difficulty arises. There is a whole field there that requires clarification, and I think that clarification should come before a building is constructed. Anyway, it is going to make a big difference whether the film board is operating on the scale of production of 400, 500 or 600 films a year or is back to the scale of 100 or 200 films a year, and that also applies to the type of building required.

As far as the building itself is concerned, judging from any information I have about the particular building, it is perfectly satisfactory to me. I have no objections to the type of building or anything related to it; but there is another matter that arises. It is claimed by some persons and by some national organizations that the government should go out of the film production business altogether, and that it should be returned to private enterprise. I for one do not subscribe to that view. To begin with, I do not think it would be possible to do so, even if the government so desired, because the private film industry in Canada could not undertake that work. Even if it were desirable, the private film industry is not sufficiently developed to undertake it.

There should be some determination as to what pattern is going to be followed with respect to the use of the private film industry in the production of film board films for the federal government. As far as I am aware, we have been given no statement of policy in that connection, and I would suggest that matter must be settled here by the govern-

ment before we can determine whether or not we should proceed with this building.

As I say, I do not subscribe to the view that the film production for the government should be returned to private industry; but certainly I do subscribe to the view that that whole question is of such a nature that it must be examined, and the question of policy determined as to what type of production should go to private industry and to what extent it is possible for private industry to handle it.

There is another matter that bothers me about this move. The work of the film board is such that it is not easy for this house to examine its expenditures. This type of work is such that there is no easy formula that one can apply to determine whether they are using their money expenditures efficiently or not. No one can give me any formula that would be of much use in that connection. I raise that for this reason. It is going to be a continuing government expenditure on a larger scale, I would think, as the years go by. My view is that it is desirable that such an activity of government should be under the control of government where it can be very easily watched, not only by hon. members, but by the ministers concerned.

In that connection it is rather interesting to notice the activities of government that have been started in other cities and brought back to Ottawa in the last few years. I can refer to two of them. One was Eldorado Mining and Refining Limited. This corporation by its nature carried on operations very much like a commercial business and it was decided to bring the administrative head office to Ottawa from Toronto. Then there was another activity of the government which was purely commercial. I refer to the disposal of surplus war materials by War Assets Corporation. This corporation was moved to Ottawa from Montreal.

If it was thought necessary or desirable in controlling these types of commercial activity to bring these companies back to Ottawa, I suggest respectfully that it is just that much more desirable that the activities of the film board be kept here. But there is another thing. The nature of the work of the film board is such that I do not think it is proper to describe it as a commercial activity. As a matter of fact I have not found any adequate way to describe it.

The work of the film board has to do with the interpreting of Canada to Canadians and to other nations. That is found in the first subsection of the act defining the purposes of the board. It has to do with the expression of the cultural aspirations of the Canadian people in a collective way. When you get to a matter of that sort it becomes a question of some delicacy. You are dealing with the medium of expression of the culture of the Canadian people, one part of the country to another and the whole of the country to other parts of the world.

Perhaps it would be well for us in committee today to recall the struggle in the development of the nationhood of this country. At the time of the Act of Union, and after, there was a struggle to find some common ground where there could be a meeting together of the people in the capital of their country. We recall the long history of the period when the capital was in Toronto, in Kingston, in Montreal, in Quebec and in Hamilton at one point. There was constant trouble, a constant feeling of division, constant dissatisfaction.

Ottawa was later chosen as the capital of the country. I am not one who asserts that that is wholly satisfactory to all Canadians, but I do suggest respectfully that that choice has made possible the development of a feeling of Canadianism to a very great degree. Canadian citizens generally have come to look on this choice of the site of their capital, on the river at the boundaries of the two older provinces, as being a satisfactory one, as being one which they felt they could accept fully.

I venture the opinion now that if you were to go among those little groups—I believe they are called film societies—throughout the rural sections of this country and ask them about this move and discuss it, you would find they all felt that Ottawa was and should be the location of any centre that was to express their national culture, any centre that was to typify the expression of their national culture and they would want a medium such as this film board kept in their capital city and not sent to any other part of the country. It is here that they feel they can unite in that feeling and not elsewhere in the country, however attractive and desirable other parts of the country would be to any one of them.

I am one who has a rather strong feeling, which I think is shared by other hon. members in this house, about the rapid development of the sense of Canadian citizenship. This has gone on at a tremendously accelerated pace during the last fifteen years. I would hate to see anything done that would

tend to separate any of us from that feeling and from the feeling that in our capital we have achieved a centre where that feeling can find its expression.

There is a danger in an activity like this, where you are dealing with the creative arts and the cultural feelings of the people, in moving it away, that you will lose something of value in the expressing and fostering and developing of a feeling of Canadian citizenship.

There are perhaps other things that could be said. It may be unfortunate that this move became a reality when parliament was not sitting. That cannot be helped, as it was in the ordinary course of events; but it is unfortunate in that much misinformation was spread about. Many things were said which in my view ought not to have been said. They were not accurate and did not deal with the merits of the suggested change of site.

By the way as far as the actual site chosen in Montreal is concerned, I have no quarrel with it. I think probably the Department of Public Works showed shrewd judgment of land values when they acquired the site they did. I am told that the site is quite a valuable piece of property. As far as I am concerned, I have no criticism to offer in that regard.

My criticism centres on the one point. I do not think sufficient preliminary matters were decided to warrant any decision as to whether or not the film board should be moved. It may well be that after these other matters are considered and decided the film board ought to be moved out of Ottawa; but I for one cannot see the possibility of that, although, as I say, it may well be so.

My view is that even at this late date the government should consider these other matters of policy in relation to the whole operation of the board and have those matters of policy announced and dealt with before this building is proceeded with. I know it is possible to say with correctness that an item covering the acquisition of the land appeared in the estimates some years ago. I know we can all be criticized somewhat for not sharply taking issue at that point. My own view was that I did not think the move was imminent, and I think if I checked *Hansard* I could show justification for taking that view. In any event, whether or not that is the case, I suggest it is irrelevant.

The contractor dealing with this particular contract is perfectly reputable, and I would respectfully ask the government to withhold the work, at the risk of having to pay some damages to the contractor until these other matters affecting the wisdom of moving the national film board away from the capital city are determined and settled.

Mr. Drew: Mr. Chairman, I deferred my remarks in regard to this subject, which I have raised on a number of occasions, because I thought the Minister of Public Works might be supplementing the remarks already made by the Minister of Citizenship and Immigration.

However, I assume from the fact that he has not done so that he leaves the matter where it rests with the statement given to us by the Minister of Citizenship and Immigration.

A great deal more is involved in the discussion of this item than the authority of the film board, the policies to be followed in the production of future films, the type of building to be erected, the location or any of the other subjects which have been raised. The most important issue before this house at the moment is the responsibility of parliament itself.

It has been said that one of the unfortunate facts was that this decision had not been reached when parliament was sitting. But it was. A decision was reached while we were sitting here. A decision was reached within the past few weeks, after we had been assured by the Prime Minister that a decision would not be reached until the house had had an opportunity to consider this item. For that reason there should be no hesitation on the part of the government in announcing without any reservation that this contract will stand, and will not be proceeded with until the house has the information which has never been presented to it, and until members of parliament have an opportunity to express some opinion in regard to the information which is not yet available.

The wisdom of erecting a building in Ottawa, in Ville St. Laurent or at any other point in Canada, is not the primary issue under discussion. The fact is that no member of this parliament, except perhaps the Minister of Public Works, has yet before him or her any information upon which to pass judgment. If the Minister of Public Works has such information, then it is a well guarded secret.

This is not parliamentary procedure. The Minister of Citizenship and Immigration has reviewed certain features of this subject with which I would like to deal briefly. I wish to refer to them because I do want to dispose

of some of the suggestions which have been made as to the point of view from which this subject is being approached.

The minister has said that the film board has been doing an excellent job. I have heard no suggestion to the contrary. It happens that I am one of the many enthusiasts who have for some time followed the hobby of both taking and showing moving picture films. I have shown many films produced by the national film board on a projector which has given me a great deal of pleasure in my own house. I can speak with some measure of personal experience about the films produced by the film board, and I am in a position to compare them because the projector I own happens to be able to handle either sound or stills, and I have shown films produced in different parts of the world as well as in different parts of this continent.

The films which I have shown, and which others have seen with pleasure, are excellent productions. I mention that only to remove right away from consideration in this discussion any suggestion that the views I may put forward relate to the quality of the production.

The Minister of Citizenship and Immigration also referred to the suggestion that the board should discontinue the production of films. Let me dispose of that at the outset. I have never made that suggestion. I am convinced that there are many fields of specialized production in which it is essential that we have films produced under the supervision of a government agency. I am not sure that remark applies to many of the films that are being produced, in spite of the generally excellent quality of most of the films.

There are two fields where it is of special service to the country and to our people to have productions of this kind available, namely, in the field of education and in the field of national defence. There is an old Chinese maxim that one picture tells more than ten thousand words. I am convinced that we have not yet even touched the possibility of the moving picture with sound for educational purposes.

I have seen films used for educational purposes in a way which convinces me that we could extend their use far beyond anything that has yet been attempted. For example, take the teaching of a subject such as physics. It would be possible to show the operations of an internal combustion engine, a jet engine, or anything of that kind in a cut model where the operation could be simplified by slow motion photography in a way that would not have been possible with any model which could readily become available in any physics classroom in this country.

It is possible to teach history by means of the moving picture film in a way that cannot easily be approached in the junior classes by any textbook, no matter how readable or how well illustrated it may be. It is possible to use film for teaching languages in a way that we have not employed it, to show not only the way in which the sounds are formed but certain well-recognized principles with regard to the projection of the human voice and the actual use of words themselves in a manner that is more interesting to the pupil when those words come from someone whose name is well known to him. When the living history of this time can be portrayed in the classroom in the words of men like Churchill, Roosevelt and others of the present and recent generation, we can see the possibilities of attracting our young people to the use of language in a way that has not yet been possible.

In the teaching of language in this country film would be of immense value. We still have a long way to go in teaching French in the English-speaking parts of Canada and in teaching English in the French-speaking parts of Canada. This is one of the aids that can come to the help of teachers and which can be of great value in that field. I can see there a great public service in the production of films of a type that possibly could not be produced satisfactorily on a strictly commercial basis.

Then there is the question of national defence. We learned how much importance the government attaches to films produced for national defence purposes when we were informed within the last two years of the suspension of the activities of the national film board in producing films for national defence purposes because of the uncertainty of the government about some security risks within the board. Whether that was a wise or unwise decision is still unknown to members on this side of the house because we only have the statement of the government as to the course it followed. Nevertheless this did place dramatic emphasis upon the importance the government attaches to films produced for national defence purposes.

There again we have not even started to explore the possibilities of instruction by films of this kind. We have produced a number of films. We could go far beyond anything that has yet been attempted, with great economy in the money devoted to teaching because of the amount that would be saved through placing this medium of instruction in the

hands of members of the units themselves who could give instruction with films of this kind.

In the Royal Canadian Air Force, the artillery, the infantry, the tank corps, the armoured forces, the medical services, the engineers, in the navy with all its new ramifications of defensive as well as offensive equipment, in every branch of the services, there is a tremendous field scarcely yet explored. All this imposes certain conditions before a decision can be reached as to what should be done.

When we come to the matter of censorship, which was mentioned, surely there can be no question but that censorship would apply with equal force to films produced by the dominion government as to those produced by any other agency. I cannot believe for a moment that the suggestion would be made that censorship could be circumvented in the showing of films in any theatre simply by virtue of the fact that they were produced by an agency of the dominion government.

Mr. McIlraith: That was not my suggestion.

Mr. Drew: I was about to say that I felt sure that was not the suggestion. Nevertheless that could become a very real question if the activities were extended to a point where a considerable number of films produced by the national film board were being shown in those places where provincial censorship would ordinarily apply. This makes it obvious that here is another consideration which needs to be resolved before a final decision can be made as to what should be done with regard to this subject.

I have put these matters forward merely to indicate how many things there are that we should know before any single member of the house is in a position to say that $1 million, $5 million, $10 million or $1 should be expended. Surely if we are to justify the high estimate of the responsibility of members which has been asserted on a number of occasions within the past few weeks we should exhibit it on this occasion, when this matter comes before us for the very first time. When it comes before us, may I repeat, for the very first time, when this is the first opportunity that has been presented to discuss the question with knowledge of the facts, every one of us should insist that we know what are the facts upon which this decision has been made, that we know what is the authority of the film board, and that we know what is now the stated policy of the government with respect to the production of films in this building when it is constructed.

The Minister of Citizenship and Immigration said the real purpose in constructing this new building at the moment is so the activities of the national film board can be housed in one building. He then went on to say that a decision of policy was involved, in that there was to be a continued operation of this board. Mr. Chairman, it involves a great deal more than that. It involves a decision of policy by the government not only that there is to be continued operation of the film board but also involves, surely, a decision of policy as to what the scope of the activities of the film board will be and the nature of the production, with respect to which the government made a decision without consulting parliament as to the location of the building.

It may well be that there are many good and sound reasons for selecting the site that has been chosen. If there are, then let us have them. If there are, then let us all agree that if we are to accept our responsibilities as members of parliament in deciding on this item we must know these reasons before we approve an item that carries with it this major decision.

It involves also some understanding of the balance of consideration, remembering that neither the Massey commission, the group of experts known as J. D. Woods and Gordon, nor the national film board committee of this house that reported in 1952 made any suggestion that there should be a change in the location of the building. Therefore we must go entirely outside of the evidence before the Massey commission and the decisions of the Massey commission; we must go entirely beyond the report of J. D. Woods and Gordon; we must go beyond the report of the national film board committee of this house in 1952, to find the reason for this decision.

Mr. Winters: It was stated in the proceedings of that committee.

Mr. Drew: But not in the report, because the report quite clearly relates to the construction of a building which, so far as there is any evidence, was regarded as one that would likely be constructed in Ottawa.

Mr. Winters: It is clear in the proceedings.

Mr. Drew: Oh, Mr. Chairman, there are many things in the proceedings, but what I am dealing with are the matters that were presented to this house for consideration. The matters that were presented to this house for consideration make no suggestion of that kind. We must have some other evidence if we are to reach a decision which even remotely suggests that we are accepting our responsibilities as members of this house.

Nor is it alone the location of this building which is of great importance. Exactly what type of building is required? In order

to form any judgment on that part we must know what the policy is concerning the scope of activities, the expected production and the expected employment level of the national film board. There are some other considerations about which we should know. Today, as anyone with the slightest knowledge of film production is well aware, there is no operation more sensitive to sound. Even the technical handling of television is not so dependent upon the elimination of extraneous sound, because any sound reaching the recording equipment during film production will be permanently recorded.

Let no one suggest that we are in a position to pass judgment as to whether or not that has been dealt with. We have not had a word on this subject from the government as yet. In deciding where a national film board building is to be established we certainly should be told what consideration has been given to the sound factors, particularly having regard to the well known impact on film of the highly reproductive, high-pitched screech of a jet motor. This is another question about which we should have some information, and the government has not told us anything about it.

At this time it must be quite clear that we should have a statement of the terms of reference under which the film board is to operate, and the instructions the film board has received as to the scope of its activities. A question has been raised already as to the need for a statement of policy as to whether production is to be in the nature of 100, 400 or 500 films. This would be determined by the field of activity contemplated by the government. What we need, and need greatly, if there is to be an understanding of this problem is a clarification of the government's decision concerning the real function of the national film board.

The truth is, and I do not think for one moment any member of the government would deny it, that this board has grown up like Topsy. Probably in many cases the person who was most surprised by the nature of the activities of the film board was the minister who was responsible for that board. Every now and then the minister would see a film and say, "Well, this is better than I thought." On another occasion the minister might say, with some measure of surprise, he had not known the field was covered to that extent.

Mr. Winters: To which minister are you referring?

[Mr. Drew.]

Mr. Drew: I hope it would include most of the ministers, but I am certain it applies to the present Minister of Public Works.

Mr. Winters: I just wanted to know which ones.

Mr. Drew: I shall be quite prepared to let my remarks apply to the minister now responsible.

Mr. Harris: You would not want me to make the obvious retort?

Mr. Drew: If my hon. friend means that the minister who spoke on behalf of the Minister of Public Works is in the same position, I certainly would think that is the obvious retort, because I am quite sure the Minister of Citizenship and Immigration was greatly surprised at some of the films that he found had actually been produced. Perhaps he shared with some of the rest of us a great measure of satisfaction, surprised satisfaction on some occasions, as to the nature of the films that were produced. None of us received any information in this house to give us the slightest idea of what films were being produced, beyond the general statements that were made.

When I say that, I recognize that there is an excellent index of the films produced by the film board. I do not expect I will hear from either the Minister of Public Works or the Minister of Citizenship and Immigration or any other minister that they have seen all these films. I have not, and I do not think any of the other hon. members have. It would take a very long time to see them all. I am not suggesting the ministers have a duty to do that. I do suggest, however, there should be some procedure by which there would be supervision of the films produced within such terms of reference and such declarations of policy as may be announced to this house for the first time by this government. I say "for the first time", because any declaration of policy in the past has been in such general terms that it never defined the real scope of the activities of this board.

Now I want to point out why it is so necessary that we get complete information in this occasion. The subject matter was discussed earlier this year, and is recorded in *Hansard* of January 19. I shall again place on the record what was said on that occasion, so that it may be contained in the context of the remarks I make at this time. I asked the Prime Minister this question:

I wish to direct a question to the Prime Minister. Can the Prime Minister say whether press reports appearing during the last twenty-four hours respecting the national film board are correct and if the

government does intend to reconsider its decision to move the national film board from Ottawa? At the same time I would ask whether there will be an opportunity to discuss the matter if this is so.

To this the Prime Minister replied:

There has been no decision reached in that matter.

That was on January 19.

Mr. Winters: Of this year?

Mr. Drew: Yes, January 19, 1954. The Prime Minister said:

There has been no decision reached in that matter. What is under consideration at the present time is the tenders that were submitted for the construction of a building in Montreal. They are all of a very substantial amount, and the matter that is now under consideration is as to whether or not the government will recommend the appropriations required for that large expenditure at this time.

Then I said:

Do I understand from what the Prime Minister has said that, having regard to the amount involved, the government may actually be reconsidering whether it will or will not move the national film board from Ottawa?

To that the Prime Minister replied:

No decision has been reached in that regard, but until the government comes to parliament with a definite recommendation for a definite amount to be expended for a building at a definite place there is always a possibility that changes in the recommendation may be made.

Now, it is upon that completely unqualified assurance by the Prime Minister that I base my request—I shall go further; that I base my demand, and a justified demand—that the Minister of Public Works state unequivocally that everything will be suspended in relation to this contract until parliament has heard the reasons, and until there has been an opportunity to consider those reasons.

Mr. Harris: Would the hon. member permit an interruption? I do not want to interrupt the hon. member's speech at any length, but I understand that while I was out of the house he made mention of what he has now read as being an assurance by the Prime Minister that no decision about this whole matter would be made until the house had had an opportunity to pass upon it. I am sure if he will reread what he has just read—

Mr. Drew: I can answer that right now. I made no reference to it either directly or indirectly until this present reference. Therefore I propose to proceed with these remarks.

Mr. Harris: Very well. But I hope my hon. friend is not reading what he has now read as a statement by the Prime Minister that there had not been at one time a recommendation to the house for the construction of this building in Montreal.

Mr. Drew: Mr. Chairman, I am going to deal with that, because it is the most preposterous suggestion I have heard yet—that is, the suggestion that this house had any information will be answered by a reference to what came before the house on the earlier occasion which the hon. member mentions. And it is really the gem of gems to indicate the complete irresponsibility of the government in relation to parliament. I intend to refer to it. But at this time I wish to go one stage further to emphasize that there is no doubt about the Prime Minister's words, and that there was going to be a chance to reconsider this. Let me read what happened.

Mr. Harris: Well—

Mr. Drew: The minister will have plenty of chance to deal with this matter. Let me read what happened on the following day, as recorded in *Hansard* for January 20, upon which occasion I raised a question of privilege:

Mr. Speaker, I rise on a question of privilege in relation to a statement made to the house yesterday by the Prime Minister (Mr. St. Laurent). Yesterday afternoon, in response to a question, the Prime Minister made the statement that the question of the removal of the national film board remained an open one until some definite item would be brought before the house.

And may I interject here that if the Prime Minister had any question about the accuracy of the statement I have just referred to, that was the time for him to state it. Then I continued:

Then in the late afternoon edition of the Ottawa *Journal* I read that the definite recommendation in regard to the adoption of a tender for the construction of the national film board building was definitely going to the treasury board. It seems to me that these statements are inconsistent. Having regard to the general principle involved and the assurance by the Prime Minister that we would have something before us before this move was definite, it seems to me that we should know what the situation is.

To that the Prime Minister replied, not that there had been no assurance, but rather that he hoped the house would rely upon his statement instead of a press statement. This is what he said:

Mr. Speaker, I would hope that the house would take the statements made by the government in the house in preference to speculative reports by newspapers.

The fact is that those words are clear and unequivocal; they are clear and understandable; they are clear and definite. It was quite certain from those words that every member in the house who heard them had a right to expect that we would have this item before us before any decision was made in regard to those tenders.

Nevertheless it turned out that, contrary to the information received from the Prime Minister, the subject was under consideration and a decision was made by the government to proceed with tenders. The tender was awarded to a company in Toronto. This company has been given the contract to go to Montreal and construct this building there.

That also is something about which I would like to have information before this item is disposed of. I want to know who the contractors were who bid, the amount of the tenders, the bond that has been called for, and the previous experience in a specialized line of construction of this type that was insisted upon in calling for tenders. After all, these buildings are very intricate. They are buildings of a highly technical type, and I want to know the extent to which assurance was secured that the tenders were upon a basis that left no doubt that the tenderer was highly qualified in this particular and unusual field of construction.

The Chairman: Order; it being five o'clock the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

THIRD READING

Bill No. 296, respecting Brazilian Telephone Company.—Mr. Hunter.

Mr. Deputy Speaker: There are several divorce bills on the order paper. Is it agreed that these be entertained in one motion?

Some hon. Members: Agreed.

Mr. Knowles: You do not need a motion to go into committee of the whole.

DOROTHY ANN STUART STORY MCKENNA

The house in committee on Bill No. 178, for the relief of Dorothy Ann Stuart Story McKenna—Mr. Hunter—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Marriage dissolved.*

Mr. Knowles: Mr. Chairman, since you have just said that the house is in committee on certain divorce bills I gather that you are calling clause 1 of all 113 bills that are now before us. I shall not take the time of the committee to give too much in the way of statistics, but if we pass these 113 bills, along with the 140 that we passed some time ago, it will make a total of 253 divorce bills which we shall have passed in this house so far this session. My records indicate that we shall have spent about six minutes on the 253 divorces. That is at the rate of 1½ seconds a divorce.

At the same time, Mr. Chairman, there is a point that interests me and concerns me a bit. I note that standing order 112—it is a lengthy one, and I shall not read it all—reads in part as follows:

> The chairman of the committee—

That, I take it, is yourself in this instance.

> —shall sign with his name at length a printed copy of the bill, and shall also sign with the initials of his name, the preamble and the various sections of the bill as they are agreed to.

It seems to me that the language of that standing order is pretty clear. You have called clause 1 of 113 bills. It looks to me as though we are going to have to wait until you have signed with your initials clause 1 of all 113 bills before we can go on to clause 2, because that is what the standing order says:

> The chairman . . . shall sign with the initials of his name, the preamble and the various sections of the bill as they are agreed to.

I should like to know how it is possible for you, sir, to sign your initials to clause 1 of 113 bills in the instant it takes for the committee to say "carried".

The Chairman: Order. If the hon. member will look at standing order 110 he will see:

> All private bills reported to the house by any committee may, on one motion, be referred together to a committee of the whole house and such committee may consider and report one or more such bills at the same sitting.

I have called a number of divorce bills, Nos. 178 to 197, inclusive, and Nos. 199 to 249, inclusive, and Nos. 253 to 294, inclusive. I have before me the first one, namely No. 178, and if we are to give any effect to the expeditious procedure opened up by standing order 110 it seems to me that it would be only practical for me to sign, as I have done in the past, the first clause of the first bill.

Mr. Knowles: But may I point out, Mr. Chairman, that standing order 110 does not set aside standing order 112. I have no quarrel with the committee having taken all of the bills at once in pursuance of a right that is provided by standing order 110. It seems to me that standing order 112 raises a different question, namely that the chairman shall sign with the initials of his name the various sections of the bill as they are agreed to. At least, Mr. Chairman, you have my sympathy if you are going to sign your initials 113 times before we get to clause 2 of these bills.

The Chairman: Shall clause 1 carry?

Clause agreed to.

Clause 2 agreed to.

Preamble agreed to.

The Chairman: Shall the title carry?

Mr. Knowles: Have you got them all signed, sir?

Mr. Stick: He has a rubber stamp.

Title agreed to.

The Chairman: Shall I report the bills?

Mr. Knowles: Are they all signed?

The Chairman: I assure the hon. member that Bill No. 178 is duly signed, and all the others will be signed before they are remitted to the Clerk, in accordance with past practice.

Bill reported, read the third time on division and passed.

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 179, for the relief of Joyce Tulloch Foley.—Mr. Hunter.

Bill No. 180, for the relief of Ruth Annie Ricketts Perrett.—Mr. Hunter.

Bill No. 181, for the relief of Elizabeth Harriet Wyburd Ramseger.—Mr. Hunter.

Bill No. 182, for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.—Mr. Hunter.

Bill No. 183, for the relief of Ruth May Rowley Grundy.—Mr. Hunter.

Bill No. 184, for the relief of Rodney David Themens.—Mr. Hunter.

Bill No. 185, for the relief of Patricia Mackell Wilson.—Mr. Hunter.

Bill No. 186, for the relief of Joseph Aurele Denault.—Mr. Hunter.

Bill No. 187, for the relief of Arthur Ryan.—Mr. Hunter.

Bill No. 188, for the relief of Mary Clenman Bernard, otherwise known as May Clenman Bernard.—Mr. Hunter.

Bill No. 189, for the relief of Lloyd Demont Noseworthy.—Mr. Hunter.

Bill No. 190, for the relief of Douglas Charles Fortune.—Mr. Hunter.

Bill No. 191, for the relief of Kenneth George Wright.—Mr. Hunter.

Bill No. 192, for the relief of Sonia Rofman Bailis.—Mr. Hunter.

Bill No. 193, for the relief of Bessie Livshitz Rudy.—Mr. Hunter.

Bill No. 194, for the relief of Monika Emilija Kasputyte Janauskas.—Mr. Hunter.

Bill No. 195, for the relief of Suzanne Marie-Therese Gens La France.—Mr. Hunter.

Bill No. 196, for the relief of Noella Cooker Prince.—Mr. Hunter.

Bill No. 197, for the relief of Rupert Evans Joyce.—Mr. Hunter.

Bill No. 199, for the relief of Lois Helen Kutzman Caplan.—Mr. Hunter.

Bill No. 200, for the relief of Fernand Constant Daemen.—Mr. Hunter.

Bill No. 201, for the relief of Mary Kazymerchyk Senyck.—Mr. Hunter.

Bill No. 202, for the relief of Rosalie Hetty Arbess Sofin.—Mr. Hunter.

Bill No. 203, for the relief of Lucille Lafortune Wilson.—Mr. Hunter.

Bill No. 204, for the relief of Wilfrid Cote.—Mr. Hunter.

Bill No. 205, for the relief of Janca Fani Pollak Schlesinger.—Mr. Hunter.

Bill No. 206, for the relief of Sadie Marie Ansingh Grosheintz.—Mr. Hunter.

Bill No. 207, for the relief of Douglas Morrison Meldrum.—Mr. Hunter.

Bill No. 208, for the relief of Alec Lenetsky.—Mr. Hunter.

Bill No. 209, for the relief of Dorothy Lilian Asbury Davies.—Mr. Hunter.

Bill No. 210, for the relief of Nicholas Krauchuke.—Mr. Hunter.

Bill No. 211, for the relief of Esther Kohn Rosner.—Mr. Hunter.

Bill No. 212, for the relief of Marguerite Jazzar Nassar.—Mr. Hunter.

Bill No. 213, for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.—Mr. Hunter.

Bill No. 214, for the relief of Marianne Roos Axelrad.—Mr. Hunter.

Bill No. 215, for the relief of Margaret Jaunzen Dishler.—Mr. Hunter.

Bill No. 216, for the relief of Pearl Witzling Socolow.—Mr. Hunter.

Bill No. 217, for the relief of Jennie Chun Readman.—Mr. Hunter.

Bill No. 218, for the relief of Gizella Szabo Herczeg.—Mr. Hunter.

Bill No. 219, for the relief of Lilija Hedviga Treimane Jursevskis.—Mr. Hunter.

Bill No. 220, for the relief of John Richard Maher.—Mr. Hunter.

Bill No. 221, for the relief of Elizabeth McDonald Jones Roy.—Mr. Hunter.

Bill No. 222, for the relief of Claire Viola Frechette Ainsworth.—Mr. Hunter.

Bill No. 223, for the relief of Margaret Reta Dodge Parsons.—Mr. Hunter.

Bill No. 224, for the relief of Estella Cluett Jensen.—Mr. Hunter.

Bill No. 225, for the relief of Angelina Natale Beaucaire.—Mr. Hunter.

Private Bills—Divorce

Bill No. 226, for the relief of Dorothy Miller Osborough Davidson.—Mr. Hunter.

Bill No. 227, for the relief of Marie Rose Gisele Houde Dionne.—Mr. Hunter.

Bill No. 228, for the relief of Olga Pscheidt Arsenault.—Mr. Hunter.

Bill No. 229, for the relief of Edward Robinson Harris.—Mr. Hunter.

Bill No. 230, for the relief of Cathrine Pieternelle Wytenbroek Knight.—Mr. Hunter.

Bill No. 231, for the relief of Anton Bliziffer.—Mr. Hunter.

Bill No. 232, for the relief of Theodore Rolfsmeyer von Berzeviczy.—Mr. Hunter.

Bill No. 233, for the relief of Agnes Broo Hammond Bailey.—Mr. Hunter.

Bill No. 234, for the relief of Emma Antoinette Rachel Lauzon McDuff.—Mr. Hunter.

Bill No. 235, for the relief of Idella Adeline Sharpe Cutler.—Mr. Hunter.

Bill No. 236, for the relief of Walter Leonard Woodward.—Mr. Hunter.

Bill No. 237, for the relief of Marion Shirley Barsky Burg.—Mr. Hunter.

Bill No. 238, for the relief of Florence Elene Thom Ward.—Mr. Hunter.

Bill No. 239, for the relief of William Jean Paul Powroz.—Mr. Hunter.

Bill No. 240, for the relief of Lewis Swailes. —Mr. Hunter.

Bill No. 241, for the relief of Shirley Goodlin Myrovitch.—Mr. Hunter.

Bill No. 242, for the relief of Germaine Lafond Joyal.—Mr. Hunter.

Bill No. 243, for the relief of Kenneth Charles Overbury.—Mr. Hunter.

Bill No. 244, for the relief of Hazel Emily Louise Hunter Naud.—Mr. Hunter.

Bill No. 245, for the relief of Pearl Agnes Harding Potvin.—Mr. Hunter.

Bill No. 246, for the relief of Samuel Goldberg.—Mr. Hunter.

Bill No. 247, for the relief of Nancy Elizabeth Borden Sise.—Mr. Hunter.

Bill No. 248, for the relief of Audrey Madeline Crothers Walklate.—Mr. Hunter.

Bill No. 249, for the relief of Joyce Gowrie Kimber Kendler.—Mr. Hunter.

Bill No. 253, for the relief of Gloria Alphonsine Timmins Ferguson.—Mr. Hunter.

Bill No. 254, for the relief of Adella Alice McNeil Slobosky.—Mr. Hunter.

Bill No. 255, for the relief of Vera Marguerite Hennigar Isenring.—Mr. Hunter.

Bill No. 256, for the relief of Sylvia Golbas Lann.—Mr. Hunter.

[The Chairman.]

Bill No. 257, for the relief of Lucy Jane Cole Judd.—Mr. Hunter.

Bill No. 258, for the relief of Walter Hardy Willows.—Mr. Hunter.

Bill No. 259, for the relief of Elizabeth Temple Jamieson Grier.—Mr. Hunter.

Bill No. 260, for the relief of Herbert William Bateman-Cooke.—Mr. Hunter.

Bill No. 261, for the relief of Rita Ann Rennie Knight.—Mr. Hunter.

Bill No. 262, for the relief of Mavis Josephine Green Jackson.—Mr. Hunter.

Bill No. 263, for the relief of Henriette Duffy Cote.—Mr. Hunter.

Bill No. 264, for the relief of Jaroslav Jandera.—Mr. Hunter.

Bill No. 265, for the relief of Robert Alfred Denman Stencel.—Mr. Hunter.

Bill No. 266, for the relief of Madeleine Forcier Midock.—Mr. Hunter.

Bill No. 267, for the relief of Annie Bray Hodgson.—Mr. Hunter.

Bill No. 268, for the relief of Joseph Kovecses.—Mr. Hunter.

Bill No. 269, for the relief of Winifred Margery Taken Dillen.—Mr. Hunter.

Bill No. 270, for the relief of Hilda Foster Mills Henderson.—Mr. Hunter.

Bill No. 271, for the relief of Evelyn Beatrice Diggon Ferguson.—Mr. Hunter.

Bill No. 272, for the relief of Hellon May Dreany English.—Mr. Hunter.

Bill No. 273, for the relief of Ione Larson Morris.—Mr. Hunter.

Bill No. 274, for the relief of Marie Laurette Carmen Gamache Desmarais.—Mr. Hunter.

Bill No. 275, for the relief of Dorothy Agnes Louise Grant Walker.—Mr. Hunter.

Bill No. 276, for the relief of Evelyn Maud Nash Wyse.—Mr. Hunter.

Bill No. 277, for the relief of Anita Felton Corbeil.—Mr. Hunter.

Bill No. 278, for the relief of Sonia Lippman Cohen.—Mr. Hunter.

Bill No. 279, for the relief of Margaret Stuart Peniston Rex.—Mr. Hunter.

Bill No. 280, for the relief of Phyllis Adair Barker Smith.—Mr. Hunter.

Bill No. 281, for the relief of Elizabeth Louise Emmett Lightbody.—Mr. Hunter.

Bill No. 282, for the relief of Madeleine Victoria Coussement Rolland.—Mr. Hunter.

Bill No. 283, for the relief of Julia Frances Finn Radcliffe.—Mr. Hunter.

Bill No. 284, for the relief of Eileen Theresa Burgess Cowan.—Mr. Hunter.

Bill No. 285, for the relief of Christina Emmanuel Papadakis Banks.—Mr. Hunter.

Bill No. 286, for the relief of Grace Connolly Houde.—Mr. Hunter.

Bill No. 287, for the relief of Marion Elizabeth Davis Esson.—Mr. Hunter.

Bill No. 288, for the relief of Morris Goldsmith.—Mr. Hunter.

Bill No. 289, for the relief of Edith Marie Treleaven Younkie.—Mr. Hunter.

Bill No. 290, for the relief of Irene Dorothy Haselden Munn.—Mr. Hunter.

Bill No. 291, for the relief of Margaret Hosie Black Kirk.—Mr. Hunter.

Bill No. 292, for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.—Mr. Hunter.

Bill No. 293, for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.—Mr. Hunter.

Bill No. 294, for the relief of Albert Pigeon. —Mr. Hunter.

DOMINION FIRE INSURANCE COMPANY

Mr. G. J. McIlraith (Ottawa West) moved the second reading of Bill No. 313, respecting the Dominion Fire Insurance Company.

He said: Mr. Speaker, the bill provides for changing the name of the Dominion Fire Insurance Company. This company was incorporated in 1904 and carried on its business as a fire insurance company. It has enlarged that business from time to time until now the insurance business carried on by it includes fire insurance, bonds, burglary, liability, plate glass insurance, automobile insurance, and automobile accident insurance. It was desired to delete the word "fire" from the name of the company.

When the bill in that form came before the other place some objection was taken to the similarity of the name, with that deletion, to the name of the Dominion Life Insurance Company. The objection was overcome by making a further change in the name, by substituting the word "corporation" for the word "company", so that the bill now before this house, and the bill as passed by the other place, is to change the name to the Dominion Insurance Corporation.

The only other company having a similar name, and which might object to the duplication of names, is the Dominion Life Insurance Company, and that company now agrees. There is no objection to the name being submitted to this house in its present form.

Mr. Knowles: Will the hon. member permit a question at this time?

Mr. McIlraith: Yes.

Mr. Knowles: He said this company has been doing many other lines of business apart from fire insurance. Are we to take it that the right to deal in these other lines was contained in the original charter?

Mr. McIlraith: They are contained in other legislation which was passed long since. The bill now before the house has nothing to do with the rights of the company to do business, it merely has to do with the name the company shall use. As I say, the rights were granted by earlier legislation.

Mr. Adamson: No objection will be taken to the term "dominion", I take it?

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

INDUSTRIAL STATUS OF WOMEN

MEASURE TO REQUIRE EQUAL PAY FOR EQUAL WORK

Mrs. Ellen L. Fairclough (Hamilton West) moved the second reading of Bill No. 2, to provide equal pay for equal work for women.

She said: Mr. Speaker, it is a privilege to have the opportunity of presenting this legislation for the consideration of parliament. This is a measure to prevent discrimination against women in respect of their employment by reason of their sex and, without limiting the generality of the foregoing, to ensure that women will be paid at the same rates as men for similar or comparable work.

There are many points which might be enumerated as one studies more and more the ramifications of this type of legislation. Since world war I the use of women in industry and commerce, in many instances in so-called men's jobs, has become more and more commonplace. In the factory, in the office, in the school and in the home women are performing work of a comparable character to that performed by men. Where it was thought at one time that the utilization of women in the labour force was a matter of passing interest it has now become apparent that they are needed in a rapidly expanding economy. As working conditions have improved for all workers the classifications which were regarded as strictly male have gradually diminished in number. This is true in industry, and I suppose it is far truer in clerical, executive and professional jobs.

The principle of equal pay for equal work is one which has been espoused by trade unions, industrial organizations and the like for many years, but there are a great many workers in all lines of activity who do not

enjoy the protection or bargaining advantages of union membership. It is partly because of these workers that it is advisable to have legislation enacted by the government under whose jurisdiction they come.

Three years ago such legislation was enacted in Ontario. Last year Saskatchewan brought a similar law into effect. British Columbia adopted equal pay legislation last year, which came into force on January 1 of this year. Provincial laws cover most of the workers of this country, but there are still a number of employees who because of the nature of their employment or the districts in which they reside come under federal jurisdiction. It is to cover those workers that I have introduced this bill.

I might say that a great deal of the opposition which formerly greeted such legislation has disappeared in the light of increasing knowledge that such legislation benefits men as well as women. Some of the main points which must be considered are that women represent the nation's greatest labour reserve. It is from their ranks that additional workers must be drawn in the event of the need for the rapid acceleration of defence production, for instance. This type of legislation would facilitate their recruitment.

From the standpoint of the women themselves, it is a matter of simple justice. It ensures that women workers will receive what they are entitled to receive for the work they do. Those women who are housewives and mothers also have an interest in this type of legislation because it protects them and their children in that it protects the wages of their husbands.

Equal pay affords to men greater wage and job security. It protects them from the exploitation of employers who would hire women for less money or who would replace men workers with women workers at lower rates.

Equal pay legislation is also a protection to the employers, who are thus protected from the unfair competition of those who would attempt to use women to undercut men's wages. Studies which have been made on this subject are great in number and voluminous in character. I have here a publication of the department of labour in the United States which came out recently. The introduction states in part:

> Women's present status provides freedom to participate in a broad range of activities almost unknown to the woman of fifty years ago. The import of this freedom can be fully understood only by realizing that its foundations rest not alone in the vast achievements of the movement for women's rights, but in the complexities of a changing social and economic order with its revolutionizing effects upon home and work life.

[Mrs. Fairclough.]

It is true that the last 50 years have seen many changes. There has been a decided trend toward what you might call urbanization. As the urban sections of our land have grown in size, living accommodation has become more and more restricted. Several families now occupy the space formerly occupied by one family. This has had its effect on domestic staffs. It is very hard to say which came first, the chicken or the egg, whether the lack of domestic help during the period of the first world war forced people with large homes to cut down the space they occupied and thus make it easier for the woman of the house to handle her own housework, or whether the women themselves, wishing to be free of the extra responsibility of large homes and the management of domestic staffs, purposely cut down on those staffs which then were left free to find their way into other than domestic work. Whatever the cause, certainly a great change has taken place in the last 50 years.

Women were released more and more from the domestic responsibilities which were at one time accepted as their main work, and found their way into many types of activity. They went into organizational work, into church work, into club work, into patriotic, religious and social work. As they became more and more interested in these organizations they also became more and more interested in the world which lay outside their own homes. I think the great interest which is taken today by parents generally in associations connected with education is proof of the extent to which women have found that a participation in community affairs has a direct effect upon their own manner of living and upon the advantages which are made available not only to them but to their children.

Be that as it may, it is true that as time went on women who had more freedom, who had more time on their hands, gradually found their way into both industrial and commercial work. There is no doubt at all that this situation came about largely due to the demands which were made upon them in the two world wars through which we have come in the last 50 years; but having once taken their place in the industrial, commercial, and professional life of this country they were loath to relinquish that place, and indeed industry, commerce, and the professions were loath to see them go back to their homes and leave the positions which they had filled with such efficiency and poise all those years.

I recall young women whom I knew during the last world war who were doing jobs which formerly would have been completely foreign to a woman. For example, I remember a couple of young women I knew who were operating huge cranes in the steel plant in Hamilton, and certainly that is the type of work which at one time would have been thought to be entirely within the field of male employment. Nevertheless they did that job and did it well. It is true, as this book states:

> They have indeed been both "pushed" and "pulled" out of an area of activity once circumscribed by the household—"pushed" by the lesser requirements upon their time and interest by the withdrawal from the home of many productive activities, and "pulled" by expanding opportunities and the demands for income in an economy of ever-increasing living standards.

I believe it is true to say, Mr. Speaker, that as living standards have progressed the desire of all homemakers has been for an even higher standard of living which could not be attained on the wages of one single worker in the home. It is true, as this book goes on to say, that both men and women are victims of tradition and prejudice, and both are affected by what Mildred Thompson, until recently dean of Vassar College, describes as a "mode of thinking which has not caught up with the actual conditions of our times."

The basic reason for this legislation, Mr. Speaker, is not to protect the woman who is a rare case. It is not to make sure that some individual or group of individuals shall benefit under this legislation. Rather it is simply to protect the great rank and file of women workers, many of whom have no bargaining agents, who have no one to speak for them and to produce and maintain a bargaining procedure through which they can obtain the advantages they desire, and also abolish the discrimination under which they work at the present time.

Recent years have witnessed a rapid growth in employment. The latest census figures show that as of October 24, 1953, the labour force numbered 5,357,000 of which 4,166,000 or 77·8 per cent were men and 1,185,000 or 22·2 per cent were women. The figure has been running at around 23 per cent of the labour force for a number of years. As a matter of fact in 1949 it was 23·5 per cent, and according to the monthly bulletin of employment and payrolls the latest figures for December, 1953, show an increase from November to December of from 222 per thousand to 227 per thousand, which brings it back to about the 23 per cent figure.

Of those women who were thus gainfully employed well over half have made their income tax returns for the year 1950 and, according to the taxation statistics for 1952, practically half a million of them were single with no dependents, about 24,000 were married with no dependents, and about 27,500 both single and married had to support dependents ranging from one to five. It is interesting to note that some of these women have been supporting more than five dependents. This substantial number of people represents quite a considerable portion of the labour force of this country, many of whom have been suffering discrimination by reason of a wage differential from the beginning of time.

I think at this stage we might well have a look at the history of equal remuneration legislation in many other parts of the world. As long ago as 1919 the constitution of the international labour organization proclaimed the "special and urgent importance" of "the principle that men and women should receive equal remuneration for work of equal value." That principle was enunciated in article 41. Then in 1948 when the constitution of ILO was amended the preamble proclaimed that "improvement (of conditions of labour) is urgently required by recognition of the principle of equal remuneration for work of equal value."

The first country to establish the principle of equal pay by constitutional provisions was Mexico in 1917; and since that time, according to the report of the committee of the thirty-third session of the international labour conference—which was the last report containing this information—16 other countries have adopted equal pay legislation. In addition, two states in Germany have also adopted it.

In the United States of America 13 states and the territory of Alaska have enacted equal pay laws. In Canada, as I previously mentioned, three provinces have adopted equal pay legislation. It was adopted in Ontario in March, 1951, and it came into force on January 1, 1952. In Saskatchewan legislation was enacted on April 4, 1952, and it came into force on January 1, 1953. In British Columbia it was enacted in 1953 and came into force on January 1, 1954. This would indicate, Mr. Speaker, that there has been a growing recognition of the justice of such legislation and an increasing willingness to accept the principle and give it legal status in many countries in the world. It has already been recognized and accepted right here on the North American continent both in the United States and in Canada.

Industrial Status of Women

At the thirty-third session of the ILO in 1950 the Canadian delegate, during a conference on equal pay remuneration, stated that the Canadian government was in favour of the principle and of its application to government employees, but would not be prepared to introduce legislation, giving as an excuse the difficulty of reconciling the two methods of application, that is, legal enactment and collective agreement.

As nearly as I can tell, for this reason the Canadian delegation supported the recommendation but not the convention. Throughout the consideration of the various points Canada sought to have the provisions watered down to a point where they would not necessarily be binding on the participating states. For instance, I find that in the consideration of point 4 Canada was successful in having the original wording changed so that instead of reading "each member to undertake to ensure application of the principle" it read "each member to take all practicable measures to encourage the application of the principle", and finally it was changed to read "to further, and in so far as this is in conformity with the above methods, to ensure application of the principle".

Considering that Canada wanted to take all practicable measures to encourage application of the principle, it would be interesting to know just what steps have been taken by the Canadian government in that direction since that time. I notice that at page 40 of the seventh report of the international labour conference on this subject Mr. Kaiser, who was the United States government delegate, said:

> The experience of the United States showed that the principle could be accepted alike by workers and employers; that it could be translated into practice; and that its application protected established wage rates against undercutting.

Mr. Gregg: May I ask the year of that report?

Mrs. Fairclough: The one from which I have just quoted?

Mr. Gregg: Yes.

Mrs. Fairclough: 1951. The convention subsequently adopted has been ratified to date by eight member states of the international labour organization.

There is some difficulty, Mr. Speaker, in trying to present any measure in the short space of one hour, particularly when the sponsor desires to hear the opinions of other members and would like very much to hear a debate upon a subject in which she has a very real interest. In order to do that it is necessary to cut one's remarks to a minimum, and to depend upon being able to supplement them at some future date to the extent one would wish to do in the first instance.

Therefore I am not going to prolong my remarks, because I want to hear what the minister and other members of the house have to say upon this subject. But I should like to say that I notice that in the second portion of the fifth report of the international labour conference on this subject in 1950 the reply of the government of Canada was put in this way:

> . . . it is recognized that for persons coming directly under government supervision there would be no difficulty in the application of the principle . . .

This bill covers only workers under federal jurisdiction. As I have sought to point out, the principle is accepted in practically every part of the world, although not necessarily in force in every part of the world. But even now it is the law in many lands, in numerous states of the United States of America and three provinces of Canada.

With these few remarks I recommend the measure to the house, and I urge its support.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I have followed the remarks of the hon. member for Hamilton West (Mrs. Fairclough) with great care. Like her, I am very anxious to hear the opinions that may be expressed by other members of the house as the debate proceeds. This year the hon. member has introduced exactly the same bill providing for equal pay for equal work for women which she proposed last year. It was placed on the order paper very early, and one day before Christmas, when I was trying to do my homework in my office on a quiet Saturday afternoon, I read her bill just after I had read an editorial in that great paper, the Ottawa *Journal*. The heading of the editorial was "Not to Start Something, But—" The first paragraph reads as follows:

> We have it on the authority of a Toronto columnist, who says he gets it from "the latest scientific statistics" that "more and more males are being driven out of their minds as a direct result of attempting to argue with females".

Of course the reason more and more males are being driven out of their minds is the difficulty they have in finding answers to the good arguments of the ladies. That is the position in which I find myself this afternoon.

Mrs. Fairclough: If the minister will permit me, that statement has been made ever since Adam made his famous remark about the woman tempting him.

Mr. Gregg: Be that as it may, I am sure there is greater force in that statement just

made by my hon. friend than in the one which I wrote down as she was speaking a while ago, namely "that discrimination on account of wage differential has been in existence since the beginning of time". That is quite a long spell. Anyway, I recognize fully that this is one of those many occasions in life when a mere man can talk himself into quite a lot of trouble, but I should like to take advantage of the opportunity to comment on what the hon. member said in introducing the bill.

She stated that women are needed in Canada in our rapidly expanding economy, and that is certainly perfectly true. During the last 25 years Canada, as well as the rest of the western world, has seen how women can occupy practically every occupational role that in former times was considered to be the prerogative of man. What I have said also applies to this house. It is a great satisfaction to me that an increasing number of women are taking their places in the houses of parliament.

I do not want to dwell on this matter long because, as my hon. friend has said, I think the bill will provide an opportunity for a free expression of opinion on all sides of the house. However, I should like to point out in the beginning that the government of Canada, and I am very glad to say so, has followed the equal pay principle for many years in respect of its employees. That applies to governments under both parties. Rates of pay in positions under our Canadian civil service are fixed in accordance with the content of the job and are the same whether the holder of the job is a man or a woman. After a fairly long period of experience, I believe it is looked upon as an efficient method, and of course the same principle holds true as far as the rewards of members of parliament are concerned.

The equal pay laws have been outlined quite fully by the sponsor of the bill. In the United States, as she has said, there is no federal legislation although bills have been introduced on quite a number of occasions during the past eight or ten years. The basic provision of Bill No. 2 now before us is the same as that contained in the bill which was introduced, but not passed, in the United States last year. I understand from press reports that Representative Bolton of Ohio intends to sponsor such a bill in the House of Representatives this spring.

In its provisions for enforcement Bill No. 2 follows the pattern of the three provincial laws in Canada, namely Ontario, Saskatchewan, and now British Columbia since December 31. These acts provide that a woman employee who claims she is not getting equal pay for equal work may file a complaint with an administrative authority. This authority has the responsibility of conferring with the employer and employee, and seeking to effect a settlement. In other words I think the key idea there is the complaint, and action normally is not expected unless a complaint is lodged. I am told that the experience so far has been that very few complaints have been filed.

In the United States where some state legislation seems to place a responsibility on an administrative authority to secure compliance with the law through inspection—the key idea there seems to be inspection rather than complaints—the authorities indicate that so far there has been very little activity. It can be readily seen, I think, that no government inspector can tell whether an equal pay law is being violated simply by examining the payrolls. It means going into the job content as well, and this is particularly true where the statute requires that there shall be equal pay for comparable work. Who is to say what is comparable work, even as between two men employees? Wherever collective bargaining is feasible, and I am going to admit right away that in collective bargaining as in other spheres, though woman is a potent force which we must never underestimate, nevertheless women do not appear to be numerous in the membership of our national labour organizations, particularly those coming under federal jurisdiction.

There has been some experience in Canada in approaching the problem from the point of view of collective bargaining. Some agreements contain equal pay clauses, and others simply carry out the principle of equal pay by establishing a rate for the job which is the same whether the job is done by a man or a woman. This is the practice followed by the federal civil service commission.

My department carried out a study not merely of those people coming under federal jurisdiction but of a sample group of 1,952 collective bargaining agreements covering 343,100 workers in manufacturing. About 20 per cent of the workers were found to be covered by agreements containing equal pay clauses. Only about 3 per cent were covered by agreement which provided for lower rates for women and boys in the same job classifications as men. Most agreements had no provisions either for wage differences based on sex or for equal pay.

Very little manufacturing is subject to federal jurisdiction, of course, but I mention this study simply to indicate that there is a practical way of getting at the problem through that channel. Collective bargaining

is feasible, and is the accepted method of determining wages and working conditions in a large part of the industries subject to federal jurisdiction. In Canada we have proceeded on the assumption that there should be labour legislation when it can help to create a favourable atmosphere for collective bargaining, and that then the parties concerned should work out an agreement which sets out the terms of employment. This is certainly one of the terms of employment.

The bill we have before us is designed to make it the duty of the federal government to instruct management to do certain things relating to job classifications and pay which have been hitherto regarded as factors in collective bargaining or which have not been considered at all. As a consequence, one could conceive of a demand for legislation that would make it the duty of the federal government to instruct labour unions to do certain things relating to job classification and pay, which hitherto have been regarded as factors in the collective bargaining field.

Having said that, I do not want to give the impression that no problem exists. It has been recognized as a problem by trade unions in this country, in that the major congresses have all adopted equal pay for equal work as part of their platform of principles and at their annual conventions have discussed ways of putting it into effect. I feel it is perhaps significant that this consideration is not complete, and as an indication of that fact I point out that the four great national labour organizations have now made their annual presentations to the government and, although they have many women in their membership, have not recommended that such a bill be passed within the federal jurisdiction. I feel it is probably equally significant that the national council of women, in making their recommendations to the government, did not mention this matter. The provincial federations of trade unions have, of course, on occasion asked the provincial governments to introduce equal pay legislation.

Before advocating federal legislation in this field I think I should like to know that a specific problem existed in the industries coming within federal jurisdiction, and that it was serious enough to warrant intervention. I would want to feel that the problem appeared capable of being remedied by law. So far I do not think there has been enough evidence of such a specific problem or of the fact that this is the remedy for it.

I must say that I noted the extracts which the hon. member quoted from the statements of the Canadian representative at ILO, which intimated no difficulty was seen in applying the principle within federal jurisdiction. I think it should be added that I am not sure there would not be certain difficulties involved if this bill became law in the federal jurisdiction, and an aggressive effort were made to enforce it. However, I can assure the hon. member that we shall keep this matter under careful study within the department and the national employment service. It might very well be, and we are looking at that, that an improvement in the provisions for women in our vocational training, counselling and placement services might gain the desired objectives more effectively than by passing a law. I cannot see my way clear to supporting this bill or recommending that a similar bill be introduced by the government at this session. This is not because I am against equal pay for women who do the same work as men. I am sure no member in this house would deny that, and it is not necessary for me to stress it.

Again I say there is a difference between attempting to bring about a remedy by law and having it carried out by collective bargaining on the one hand, and probably the more potent weapon of education on the other. It is because I am not convinced of the necessity or the desirability of trying to enforce such a law within those industries which are subject to federal labour jurisdiction that I reluctantly find I shall have to vote against my hon. friend's bill.

Mrs. Fairclough: Mr. Speaker, may I make a correction, which I drew to the minister's attention during the course of his remarks. The passage he mentioned in connection with there being no difficulty in the way of implementation is in the government's own report, not in the words of the delegate.

Mr. Gregg: Thank you.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I rise to support the principle of this bill and to commend the hon. member for Hamilton West (Mrs. Fairclough) for having introduced it. I share the satisfaction expressed by the Minister of Labour (Mr. Gregg) that there has been some progress toward the achievement of the principle which underlies the bill, even without this kind of legislation. But I suggest the principle itself is of sufficient importance that we should have it on our statute books.

I am glad to know that a law similar to this is on the statute books of three of our provinces. It seems to me that an additional advantage of having this federal legislation passed would be that it would give a lead to other provinces to go along in this way.

It does seem incredible, when one casts his mind back to conditions as we read they were at the beginning of this century, that women did not then enjoy some of the rights and privileges that are now theirs. At the beginning of this country the women of this country did not have the right to vote. I believe, in fact, it was the early twenties before women's suffrage was generally established; and it was some years after that before women had the right to vote in every province in Canada. In the early years of this century women had not yet been recognized as persons, so far as appointment to the other house was concerned. So we have made a good deal of progress; and I am glad to see this proposal that we go further in the recognition of the equality of women.

Similarly, during this same half century to which I have made this passing reference there has been a good deal of progress in the recognition of the rights of labour, and the rights of workers generally. I am glad to see this bill catching up both strains of progress, as it were, and suggesting that women as workers should have the same rights that have been won by or accorded to men as workers.

I did think when the hon. member for Hamilton West was presenting the case for her bill, and pointed out that it is a protection for men as well as for women, that her argument was well put and that, as a matter of fact, instead of being called an act to provide equal pay for equal work for women it might well be called an act to provide equal pay for equal work for men and women. The day may come when an act like this will be needed to protect us mere men, as well as to protect the rights of women.

However, as I have already said, we welcome the progress that has been made across the years and, despite the minister's argument which, I take it, was mainly that we have got along without this kind of legislation, I think this principle should be on our statute books. After all, in this present session parliament passed Bill No. 171, which recognized the principle of equal pay for equal work for women. We did not make any differentiation between women members and men members in the House of Commons or between women members and men members in the other place. As we have already passed one bill along this line, if we are to be consistent I do not see how the Minister of Labour can suggest to hon. members on his side of the house that they should vote against this bill.

I started out by offering a word of commendation to the hon. member for Hamilton West for introducing this bill. I want to commend her in one other respect. While I do not have before me the provincial acts to which she referred, if my recollection of them is correct there is a slight difference between the Ontario and British Columbia acts on the one hand and the Saskatchewan act on the other. If my memory serves me correctly the Ontario and British Columbia acts refer to equal pay for equal work, or equal pay for the same work. And, as anyone who has followed this question knows, that language has already turned out to provide a loophole, at least in Ontario, and it will no doubt follow in British Columbia. An employer can say to a woman who is claiming the same pay, "Ah, but this work you are doing is not precisely the same as the work a man is doing". On the other hand the Saskatchewan legislation uses the phrase "equal pay for similar or comparable work". I am glad to note that the hon. member for Hamilton West when drafting her bill adopted the Saskatchewan language.

I realize it is almost six o'clock, and I do not want to be in the position of talking the bill out. Perhaps it is so close to six o'clock that this may seem to be what I have done. However, I am sure the hon. member for Hamilton West will understand that such is not the case, but that we wanted to indicate support for her bill. Indeed, when it comes up again at a later time we shall continue to indicate our support for this commendable piece of legislation.

On motion of Mr. Green the debate was adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house resumed in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

Mr. Drew: At five o'clock when the house took up private bills I was dealing with some of the details that it seemed should be before hon. members of this committee and the house in reaching any conclusion. Without in any way suggesting that those who have been awarded the contract are not capable of carrying it out, I pointed out that there are a number of requirements which obviously should be met and which I hoped we would have fully explained to us,

having regard to the highly specialized nature of the construction of this building that is under consideration.

When I quoted the words of the Prime Minister in response to questions which I had asked on January 19 and January 20, the point was raised that this subject had been dealt with on an earlier occasion in this house, and that the item had already been before us. I recall very well that it was before us, and having regard to the whole sequence of events in this extraordinary item now under consideration I should like to recall exactly what was before us, since this has been raised by the Minister of Citizenship and Immigration.

The item came before us on April 9 of last year, which is less than a year ago. Reference has been made to the fact that this item was brought forward, as though it is suggested that hon. members were informed and therefore had every reason to accept the decision which had been made. Therefore once again I should like to recall exactly the amount of information that was before hon. members when, under the heavy pressure of both time and numbers, this item was carried. The hon. member for Peterborough did make a determined attempt to find out at least a little about what had taken place and was taking place.

I do not mean by that to suggest that the hon. member for Peterborough was satisfied with a little. He was making an effort to get the information; but I do think that any hon. member who is prepared to deal with this item now upon the basis that hon. members ever had any chance to give it consideration should remember just how much information was elicited at that time. I refer to page 3645 of *Hansard* for April 9 of last year, and I find this question by the hon. member for Peterborough:

> Is it the intention of the government to proceed with that building this year?

Will hon. members please listen to the clear and definite answer that was given on that occasion by the then minister of public works. This was the answer:

> I am not too sure that we have completed purchase of the site. I think somebody raised that question earlier in the session, and I answered that we were negotiating with two or three parties who are the owners of the site.

That was the first piece of definite information that was obtained on that occasion. Then later, after a number of similarly broad generalities by the minister of public works at that time, the hon. member for Peterborough asked this question:

> Has the minister any idea of the total cost of the building?
>
> [Mr. Drew.]

Listen to this as a beautiful example of the kind of accurate information that is given hon. members so they may form their well-considered judgment in passing on public business. These were the words of the then minister of public works:

> I am told that right now they think that the building will cost $5 million, but we have not got the plans and it is quite difficult for me to make any estimate.

This is not out of "Alice in Wonderland"; this is out of *Hansard*. "We have not got the plans, and it is difficult for us to give any answer." That was the last occasion this item was up, and we were told the members had an opportunity to inform themselves.

The hon. member for Peterborough, with commendable pertinacity, then asked this question:

> What will the site cost on top of that?

Here again we have one of those perfect examples of clarity of expression which will help hon. members form a well-considered judgment:

> I cannot give an estimate for the building before the plans and specifications are prepared, and I cannot say whether the site will be comprised in that amount. We have not completed the purchase of the land and I would not like to give the figures I have here at this time.

There, Mr. Chairman, you have all the information that anyone can desire, I am sure—that is, anyone who was not at all interested in getting the facts. I have read only a few of the questions and answers. With all the patience hon. members would be likely to show this evening, I would not wish to read all the questions and answers which will explain still further the amount of detail that was before hon. members. Finally, after an exhausting evening the chairman asked:

> And what about items 247 and 248?
> Some hon. Members: Carried.

To suggest that this was information upon which any hon. member could pass judgment is surely to reflect upon the dignity of this august body which has had the matter explained to it in such clear and explicit terms within these past few weeks. After all, these are hon. members who must be sure of the facts and sure of the information before they pass on any detail of public business; yet this is a perfect interpretation of the amount of information before us at the time this was dealt with on that occasion.

There was one minor reference later when a supplementary estimate was under consideration, on the very last night the house sat. Some considerable time after midnight, and again under the pressure of time and

sheer exhaustion, the supplementary estimate was passed with even less information than that now before us.

I have referred to this once again only because the Minister of Citizenship and Immigration pointed out that in reading the words of the Prime Minister the fact must be borne in mind that this subject was brought up on an earlier occasion.

We are here now with the first opportunity that has yet been presented to hon. members to get any real information as to the facts and figures upon which the government reached its decision. I am not going to repeat the clear undertaking of the Prime Minister; it is on record. The words are not susceptible of any misinterpretation. They were clear, explicit and understandable; it was left without any reservation that before an official decision was made there would be an opportunity to discuss this subject on the item now before us. Therefore it is upon that basis that this matter comes before us at this time.

May I repeat, the questions to whether this building should be put up in Ottawa, in Montreal, in Vancouver, in Halifax or in St. John's, Newfoundland—

An hon. Member: Hear, hear.

Mr. Drew: I think perhaps I should receive some support for the pronouncement of Newfoundland.

Mr. Richard (Ottawa East): It should be in Ottawa.

Mr. Drew: That is not the primary consideration before us now. But, oh, Mr. Chairman, it is a wonderful thing to hear at this time how interested the hon. member for Ottawa East is in the subject now before us for consideration.

Mr. Richard (Ottawa East): The Leader of the Opposition knows that when the matter was brought up he was the only one who could reply to the minister because under the rules of the house another member is not allowed to do so.

Mr. Drew: I have no desire to cause any disturbance to the hon. member, but I do not know what he is speaking about. We are on estimates now and the occasion to which I referred, when this matter was up before, was also on estimates. As the hon. member knows, that is the occasion when there is the freest debate, as I have no doubt we shall have clearly demonstrated here this evening.

Nevertheless, I do point out that this subject is one in which naturally we might have an interest. Since the hon. member for Ottawa East, the hon. member for Ottawa West and I as the member for Carleton, which embraces part of Ottawa, have certain responsibilities in relation to our own constituents, I recognize that we might very reasonably be interested in the immediate concern of those constituents.

I have carefully placed before this house a broad proposition, and pointed out that before any one of us can argue for or against Ottawa as the site, for or against Montreal or for or against any other site in Canada, it is essential that we have information which is not yet available to us.

I have reviewed this subject. I have referred to what was said on April 9 of last year as well as on a later occasion, because the suggestion was made that we had had an opportunity to consider it before. That is not so. The record is clear that we never had an opportunity. While it is perfectly true that the suggestion was made that Montreal might be considered, the last we were told when this subject was openly before us for debate in this house was that they did not even have the plans, let alone the property, and for that reason no accurate information could be given. Certainly no accurate information was given.

The subject is now before us. We have the clear undertaking by the Prime Minister that the matter would be open for consideration at any time up to the time this item was called. I trust that that undertaking stands, that the matter is open for consideration and that a decision upon this item will be made only upon the basis of the facts presented to this house.

Mr. Thatcher: Mr. Chairman, I wish to take part in this debate to protest against the removal of the film board from Ottawa to Montreal. I think the method the government has adopted to bring about the move should cause resentment, even among Liberal backbench members. I am not a lawyer, but it seems to me that our constitution is being violated, morally if not actually, when the government lets a contract of this nature without even coming before parliament to discuss it. Even if the government has not violated the constitution, it has shown once again the utter contempt which it seems to have for backbench private members.

I say that the government, in letting this contract before the matter was discussed in parliament, is acting in a very arbitrary and high-handed way. This afternoon the minister presented us with a *fait accompli*. We can debate the matter for a week but it will not make a particle of difference, because the contract has been let already. As I said

a moment ago, once again the government has ridden roughshod over the rights of members of this house.

I was interested in the remarks this afternoon of the hon. member for Ottawa West. He said that the move rather caught him by surprise. I want to tell him that these moves which are unwarranted and unnecessary on the part of the government are frequently catching opposition members in the same way. I think the time has come for all private members, whether on the government side or on the opposition side, to get together on this particular estimate and refuse to be rubber stamps. Before I sit down in two or three moments I hope to present a motion which will give an opportunity to the hon. member for Ottawa West, the hon. member for Ottawa East and other Liberal members to do something about the issue.

Why is the government proposing to move this board to Montreal? In my opinion parliament still has not been given a logical answer. After listening to the minister this afternoon it seemed to me that he was still evasive, and still did not give tangible reasons. Aside from the arbitrary way in which parliament has been treated, I think there are other reasons why this particular move should not be made at the present time.

On the surface, at least, it looks as though the proposal is loosely extravagant. It seems to me that once again it emphasizes the amazing disregard which the government has for the taxpayer's dollar. We in this group believe that the work of the national film board is most important to the development of Canada. We believe that the deficit which the national film board has had from year to year can be justified on cultural and educational grounds. But we have grave doubts as to the wisdom of the government expending $7 million or $8 million to move the film board lock, stock and barrel down to Montreal.

What are some of the facts pertaining to the cost? In the first place, the move is going to entail the transfer of a staff of about 475 persons and their families. A short time ago the minister estimated that the cost of that transfer would be about $500,000. It should be remembered that about 99 per cent, or at least a large majority, of the employees object to being uprooted with their families and forced to move out of Ottawa. Apparently their views have not been taken into consideration. The minister should realize that some of them may sever their connection with the film board before leaving their homes and friends.

[Mr. Thatcher.]

In the second place I think this move is extravagant, because of the nature of the building which is being erected. According to the Montreal *Gazette* it required 18 months to prepare the 150 blueprint sheets which were used. The plans provide, among other things, for marble mosaic hallways, eight auditoriums, two garages, a viewing room with chairs with pushbutton ashtrays, decorative ceilings and concealed lighting. According to the plans which have been laid down, the following is to be provided:

> An inner courtyard with a pool roughly fifteen feet long and three feet deep, with a fountain sculptured on the themes of sight, motion and sound; light would illuminate the fountain at night.

In other words, when you look at the plans you begin to wonder if the government is proposing to put up some kind of luxury studio, something that will make some of the Hollywood studios look a little bit dull or drab. Small wonder that our budget is hitting the $5 billion mark when we see needless expenditures of this kind being made.

In the third place, I think the location which is proposed is unfortunate. Real estate values, I understand, in Ville St. Laurent are very high. In addition, the site is so close to Dorval airport that costly soundproofing arrangements have to be made. The sound stage, for example, has to be encased in a double-walled shell to keep out the noises of jet aircraft at the Canadair plant nearby.

I believe if the building were constructed in Ottawa that kind of expenditure would not be necessary. May I also remind hon. members that fully one-third of the film board's work is done for various government departments. This requires very close consultation between those departments and the personnel of the film board. Thus if the board is removed to Montreal, heavy travelling expenses will be involved in view of the necessity for inter-city travel.

I believe the heavy cost involved should be sufficient reason to prevent the government from proceeding with this decision. But aside from the cost there are other factors also. This is the third major government agency which has been moved since I took my place in parliament. First of all we saw the most important offices of the C.B.C. moved to Montreal some time ago. Then the printing bureau was moved to Hull. Now we have the removal of the film board to Montreal. I personally doubt the wisdom of this trend. I believe the national capital should be a national capital, and I believe the headquarters of the film board should be in Ottawa, our country's capital.

Finally, there is the matter of provincial censoring. This was mentioned this afternoon, and I believe it is a very important question which should be considered at this time. May I remind hon. members that a short time ago Mr. Duplessis, premier of Quebec, suggested that he was going to introduce the censoring of C.B.C. television programs. Now, what assurance has the government, if the national film board does move to Montreal, that Premier Duplessis will not decide to censor their work also? I can tell the minister and the cabinet that the people of Saskatchewan will not look kindly upon Premier Duplessis, or any other provincial premier, censoring the kind of film fare they may see; yet if the board does go down to Montreal can the government say this will not take place?

Under these circumstances, Mr. Chairman, I wish to move that item 368 of the estimates be reduced by $1,500,000, from $10,890,000 to $9,390,000. That, of course, is the amount which the government proposes to spend this year on the actual construction of the new building at Montreal. May I emphasize in conclusion that I am in no way querying the regular expenses of the national film board, but I do query the removal of the board to Montreal.

Mr. Winters: Mr. Chairman, hon. members will know that up until September 18 I was responsible to parliament for the policy of the film board. Since that time, as Minister of Public Works, I have been responsible for building any new accommodation the film board may require.

Since September 18 responsibility to parliament has rested with my colleague the Minister of Citizenship and Immigration, who has already demonstrated his thorough competence to deal with matters respecting the policy of the board.

I believe it might be helpful, however, if I did review some of the developments leading up to the decision to move the operating sections of the national film board to Montreal, and also indicate the great many instances on which the government did inform parliament of its specific intentions in that regard.

Recommendations that the government should provide suitable and efficient quarters for the national film board have been made for some years now. Hon. members will recall that since 1950 three independent studies have been made of the board's operations. One was by J. D. Woods and Gordon, management consultants; another was by the royal commission on national development in the arts, letters and sciences, and the third was by a special committee of the house which sat in 1952.

After a firsthand examination of the conditions under which the board now functions, all those bodies recommended that better operating facilities should be provided. A specific and unanimous recommendation of the parliamentary committee was that the board's headquarters operations should be centralized in one building specially designed and constructed to meet its production, technical and distribution needs.

The headquarters staff of the board at the present time operates in nine widely scattered Ottawa buildings, and in two storage buildings near the city. I am sure hon. members who have visited the John street production building, the chief centre of the board's Ottawa operations, will agree that the facilities and working conditions in this one-time lumber mill are far from ideal. Moreover it is a fire hazard, which is an important consideration in view of the type of operations in which the film board is engaged.

Apart from the inconvenience and inefficiency of its present quarters, the board operates under another and very considerable handicap. It has no film studio where indoor shooting can take place. When studio work is required the board has to rent studios in other cities, necessitating considerable travelling expenses, or is compelled to use armouries, private homes, halls and other buildings unsuited to film production work. While the major part of the board's film work will always be carried out on location in various parts of Canada, a studio is essential to effective documentary production of the type now required by the board's outlets.

In order to plan suitable quarters, the Department of Public Works retained as a consultant one of the world's most experienced engineering architects in this field, the New York firm of John and Drew Eberson. This consultant worked very closely with Canadian architects who were responsible for producing the working drawings, and who will supervise the construction. This architect and engineering team was instructed to study the board's operations and its needs, and then to design a building of the minimum size and cost which would meet these needs.

A committee of the members of the board of the national film board was set up under the chairmanship of Mr. C. S. Band of Toronto, and throughout the planning they worked very closely with the Department of Public Works and the architects and examined thoroughly all the proposals. This work was

then considered by all the members of the board as a whole, and I personally followed developments very closely. I might add that there were many changes and reductions before the plans were finalized.

The present plans approved by the board provide, I am convinced, that minimum of which I spoke earlier. Once it was decided to build new accommodation problems of location and acquisition of a suitable site became important.

The board of the national film board first recommended in May, 1950, that the operations of the board should be moved to Montreal. Subsequently the board was reorganized, a new act was passed by parliament, and the personnel of the old board resigned and were replaced. The new board considered the same subject and in October, 1950, unanimously recommended that the main portion of the board be moved to Montreal. The board were subsequently asked to reconsider the matter. In September, 1953, they did so and once again confirmed their earlier recommendation that the board's move to Montreal should be made.

Here, Mr. Chairman, is the independent study of the circumstances so often advocated by the Leader of the Opposition.

Mr. Drew: Mr. Chairman, just to clarify the point, is the minister saying that the recommendation to move to Montreal was made by that firm of experts from New York?

Mr. Winters: I did not say that at all.

Mr. Drew: Of course you did not, but you left that impression.

Mr. Winters: No, I did not, Mr. Chairman. I had no intention of leaving that impression. What I said, and what I hope hon. members heard me say, was that the recommendation to move to Montreal was made by the board of the national film board on three successive occasions.

Mr. Fleming: Dates?

Mr. Drew: Mr. Chairman, may I suggest, in order to avoid confusion, that the minister read to us the words of recommendation upon which the government acted as to the location of this site in Ville St. Laurent, and give us the dates of the recommendation.

Mr. Winters: I am reporting to the house that the board of the national film board, duly constituted under the National Film Act, did recommend to the government on three successive occasions that the operations of the film board be moved to Montreal, and the government accepted that recommendation.

[Mr. Winters.]

Mr. Drew: On what dates was that recommendation made?

Mr. Winters: The first occasion was May of 1950, the second was October of 1950, and the third was September, 1953.

Mr. Thatcher: I wonder whether the minister would permit a question. Would he tell us who are the members of the board now?

Mr. Winters: Rather than interrupt my remarks at this time we will provide that information at a later date. The reasons for deciding to locate the board's operations in Montreal were fully explained to the parliamentary committee in 1952, but perhaps a brief review would be helpful. None of the three agencies that studied the operations of the film board within the past few years, that is, J. D. Woods and Gordon, the royal commission on national development in the arts, letters and sciences, and the parliamentary committee, made a specific recommendation as to location. I want to make that clear. They did not recommend in favour of Ottawa, nor did they recommend in favour of Montreal.

I think perhaps I should refer to the report submitted by J. D. Woods and Gordon in that connection. On page 28 under the paragraph headed "Centralized accommodation", in which they recommended that new and adequate accommodation be provided, they ended their recommendation by stating:

> We recommend that centralized accommodation be provided as soon as it is practical to do so.

At the start of the report, where a summary of the principal recommendations is given, recommendation No. 11 reads:

> The work of the board in Ottawa should be centralized and suitable accommodation provided.

In the course of the hearings of the parliamentary committee the then commissioner, Mr. Arthur Irwin, outlined in considerable detail the reasons in favour of the move to Montreal. In reporting, the committee recommended that the operations of the board be consolidated in a new and suitable building, and since the committee was well aware of the government's intention to move the board's operations to Montreal and the reasons therefor, one can quite reasonably and naturally assume that the committee endorsed the move.

Mr. Drew: Mr. Chairman, I do not want to interrupt but it might help clear up the matter.

Mr. Winters: You are, though.

Mr. Drew: The minister is well aware that with respect to the very reference he is making the chairman of the film board was asked:

What is the reason for locating in Montreal?

The minister knows that the answer given was:

That is a matter of policy, sir, and I do not know whether or not I should review it.

That was all the information given to the committee.

Mr. Winters: I shall deal with that, too, in due course. The making of motion pictures is a creative operation. The board must be staffed by people with creative minds behind whom there is a full head of creative talent. In Canada this creative talent must of necessity come from both our French and English-speaking populations. It is abundantly clear from the board's operations over the years that this pool of creative talent is more readily available in the larger centres of Montreal and Toronto than it is in Ottawa. It has been necessary to import much of it here from those centres. Of the two large cities I have mentioned, Montreal is the one with the larger pool of cultural and creative talent in both English and French.

An hon. Member: Nonsense.

Mr. Winters: Mr. Chairman, it is desirable that the film board should conduct its operations in the same general area with private producers in the same field so as to have the optimum interchange of talent, technicians and facilities. Montreal is the centre of quite a substantial private motion picture producing business in both English and French. Another important factor is the expanding use of films for television, and the fact that the production facilities of the C.B.C.'s developing television system are located in Montreal.

Having made the decision to move the board's operations to Montreal, existing accommodation there was considered. But in addition to the usual problems of transportation, housing, availability of services and so on which are attendant upon locating a fairly large operation in any municipality, we were faced with special problems because of the nature of the board's operations. For example, there had to be stability of soil and freedom from vibration from highway, rail and tramway traffic. There had to be an assured supply of abnormally large quantities of fresh water and relative freedom from dust and noise. These and other requirements made it necessary to examine in detail 15 different sites in the Montreal area before one was acquired in Ville St. Laurent a short distance east of Decarie boulevard and on the north side of Cote de Liesse.

I may say that because Cartierville airport is only a few miles away from the site we asked Canadair to fly low-flying jets overhead at full power to check the noise and vibration. These factors, that is noise and vibration, were among the many considered when selecting a site from the 15 examined. It is 14·714 acres in area and will cost about $280,000. Actually there is a homologated line approximately 150 feet back from the main frontage of the property because of the contemplated construction at some date of the trans-Canada highway along Cote de Liesse, and this homologated line will reduce the ultimate area of the site by 2·63 acres.

Now, Mr. Chairman, as to whether or not parliament was informed of the decision to locate the board in Montreal, let me review certain of the instances when parliament was informed. First of all, to deal with the proceedings of the special committee on the national film board which sat in 1952, at pages 20 and 21 under the heading "Adequate facilities" Mr. Irwin in presenting his brief said—and I think perhaps it would be helpful if I were to read part of it—

For many years one of the board's most serious problems has been the inadequacy of the premises in which it is housed. The Woods Gordon report pointed out that it "has had to carry on its operation in ten separate buildings located in different parts of the city. This has made co-ordination difficult and has led to the duplication of certain services. Besides being scattered, the buildings available were not designed for efficient film production". The report recommended that the work of the board should be centralized and suitable accommodation provided.

The royal commission on the arts, letters and sciences noted "with anxious concern that the various premises in which the film board conducts its operation are cramped, scattered, inconvenient and hazardous. In the interests of economy and efficiency this deplorable situation should be changed". The commission recommended that safe and efficient premises be provided without delay.

Measures have been taken looking towards the implementing of these recommendations. On February 8th last, the Minister of Resources and Development, Hon. Mr. Winters, announced that after detailed study of fifteen possible sites in the Montreal area, a site in Ville St. Laurent, a suburb of Montreal, had been acquired by the Department of Public Works for a proposed new building for the national film board.

The minister added that plans for the proposed building were being prepared by the Department of Public Works and it is expected that these will be available during the current fiscal year.

That, Mr. Chairman, is a quotation from the minutes of proceedings and evidence, No. 1. I could read the list of members in attendance that day, and perhaps I should. They included Messrs. Beyerstein, Boisvert, Browne (St. John's West), Byrne, Cannon, Carroll, Carter, Coldwell, Courtemanche, Decore, Dinsdale, Ferguson, Fraser, Gauthier (Sudbury), Gauthier (Portneuf), Henry, Jutras, Knight, MacLean (Queens, P.E.I.),

Macnaughton, McWilliam, Richard (Ottawa East), Smith (Moose Mountain), Whitman, Winters. That report was dated Thursday, May 8, 1952.

Then on page 33 of the committee proceedings there was a series of questions by Mr. Browne. He asked Mr. Irwin about the location of the film board, and Mr. Irwin said he thought perhaps that was a policy question. Mr. Browne asked:

How far has that project gone?

Mr. Irwin said:

The minister may wish to answer that question.

Then the minister, who at the time was myself, said:

We acquired land in Montreal, and plans are being prepared for a building to be built at some time on that site.

Then the hon. member for Peterborough asked the following question:

Would that involve the movement of the whole film board from here in Ottawa to Montreal?

This was followed by certain other questions and then the hon. member for Saskatoon, of the C.C.F. party, dealing with this proposed move to Montreal said:

The visit we had to that place certainly proved to me that the need for such a move is necessary.

Now, I think that makes it clear that hon. members of the committee were given every opportunity to debate the move to Montreal.

Mr. Drew: But remember the Minister of Public Works last year said they had not a site.

Mr. Winters: Then, Mr. Chairman, on page 88 of the minutes of proceedings and evidence of the committee for Tuesday, June 3, 1952, and Tuesday, June 24, 1952, the witness, Mr. Irwin, answered the following question put by Mr. Browne:

They are going to Montreal instead of remaining in Ontario? A. That is the policy.

He then asked about liaison and was told there would be liaison with Ottawa. Then the hon. member for Brandon-Souris asked:

What is the reason for locating in Montreal?

At that time the witness, Mr. Irwin, outlined at some length, as shown on pages 88 and 89, the reason it was deemed by the board expedient and in the interests of efficiency and economy to move the operations of the board to Montreal.

Then, Mr. Chairman, there are other instances. I find in reviewing *Hansard* that a question was asked on the orders of the day as far back as March 21, 1951, by Mr. A. Earl Catherwood, the former member for Haldimand. He asked me to comment on the report that the headquarters of the film board were being moved to Montreal, and in my reply at that time I stated that no final decision had been made but Montreal was among the centres being considered, and that Montreal had much to commend it.

Then, Mr. Chairman, in the estimates of the Department of Pubic Works for 1951-52 there was an amount of $300,000 to cover the acquisition of property in Montreal, and that was specifically designated as property in Montreal. It was under item 343. When this item was considered there was no criticism.

On February 8, 1952, I made a press announcement in which it was stated that a site in Ville St. Laurent, Montreal, had been acquired by the Department of Public Works for the proposed new building for the national film board, and that detailed studies of possible sites in the Montreal area had been carried out by the Department of Public Works. There is more to the announcement, but I merely point to it as another avenue to try to keep the public informed of the intention to move the film board to Montreal.

Then in the estimates for 1952-53 there was an item of $500,000 to cover the expense of moving the operations of the film board to Montreal. On February 13, 1953, the hon. member for Mount Royal asked about the move to Montreal, and I informed him at that time that the work would start late that year at Ville St. Laurent on a building to house the operations of the national film board. The site had been purchased by the government, and I thought it would be about two years before the quarters were ready.

In the estimates for 1953-54, under item 328, there is an amount of $900,000 for the construction of a national film board building in Montreal. This item was considered on April 9, 1953, at which time in reply to a question by the hon. member for Peterborough the former minister of public works informed the committee of the government's plans for going forward with the move to Montreal. In particular he stated at page 3645 of *Hansard* for that date:

If the hon. gentleman wants to know whether we are going to go ahead with the project, that is the intention of the government.

Then when the estimates of the film board were considered earlier this year, hon. members will recall that no one asked a question of any nature on the operations of the film board, despite the fact that the estimates specifically earmarked $900,000 for the film board move.

Mr. Drew: The minister does not mean this year.

Mr. Winters: No, it was 1953. Thank you for the correction. This indicates the extent to which the government has gone to keep hon. members and the public generally informed as to the government's intention to move the film board to Montreal.

Now, Mr. Chairman, I have heard it said in some quarters, although not here today, that the national film board is expanding its operations and that it intends to become a Canadian Hollywood. I must say that I thought the Leader of the Opposition took a very constructive attitude in his view toward the operations of the film board generally. Let me say just a few words about that talk of expansion. After the war there were about 750 people working for the board, which was then farming out little of its work to private producers. My colleague the Minister of National Revenue, during the period he was chairman of the board, started a program of retrenchment.

Since November, 1948, when I became responsible to parliament for the national film board, it has undergone substantial reorganization and consolidation. Among other things I directed the commissioner of the film board to reduce staff, with the result that despite a much larger and growing distribution of films, the number of personnel now employed is about 540, a reduction of over 200. There has been no expansion in that direction. The board was directed to concentrate on quality and produce the type of picture which would raise the standard of motion picture production generally in Canada, while at the same time confining itself to its job of interpreting Canada to Canadians and people abroad. I regard the production role of the board as a sort of standard setter for the Canadian industry in the field of motion pictures.

With this in mind I had hoped that it would be necessary for the board itself to produce no more pictures than were essential to maintain a high level of knowledge, technique and efficiency. As part of that policy the board was directed to assign more of its work to private producers who could meet the quality requirements. This has been done with what I consider to be good results.

It is a fact that for complete films, partial production, processing and printing purchases in Canada only the board did business with private industry to the extent of $81,000 in 1950-51. A comparable figure for the same item in 1952-53 was $260,000. There was no expansionist policy in this respect.

It has often been said that all motion pictures produced in Canada should be produced by private enterprise, just as they are in the United States, leaving the impression that no motion pictures are produced by other than private enterprise in the United States. That, Mr. Chairman, is quite in error. I find that a good many departments of government in the United States have motion picture producing facilities, and that several departments, individually, have plants which exceed the national film board's in size and expense, and which in addition include research facilities in the field of motion pictures.

As to the physical size of the building, operation for operation, the floor area of the new building will be less than the area of existing accommodation, largely by virtue of the fact that there will be a consolidation of operations under one roof. For example, the net working area in the board's present headquarters buildings totals 148,976 square feet. The net working area for the same operations in the proposed building will total 125,760 square feet.

In view of the present cramped quarters of the board, this reduction may seem surprising. It was made possible by careful allocation of space in a building specifically designed to meet the needs of film operations. However, the new building will include facilities not presently possessed by the board but nevertheless highly important. One such is a sound stage with a floor area of 9,339 square feet. I might say in this connection, Mr. Chairman, that the size of the average sound stage in Hollywood is 150 by 100 feet. We are proposing one sound stage here. As a matter of interest I might say that Warner Brothers, for example, have 25 large stages, and 80 per cent of them are bigger than the one planned by the film board. Metro-Goldwyn-Mayer have 30 stages. The largest of them is 510 by 134 feet and the smallest 73 by 81 feet. The national film board sound stage is 70 by 120 feet.

There will also be a power house substation, truck storage, cafeteria, first aid quarters, film storage vaults and so on, all of which are necessary in a building housing some 415 employees engaged in this specialized operation. The total inside floor area of the building will be 280,000 square feet.

Mr. Chairman, the contract for this building, which I have mentioned, is for $5,230,760, and is based upon a cubic content of 4,980,000 cubic feet. This works out at $1.05 per cubic foot, which is not out of line when the specialized type of construction required for much of it is considered. For purposes of comparison, the cost per cubic foot of the new bureau of statistics building was $1.07,

and it is considered to be a relatively inexpensive building. I might add, as a matter of interest, that construction costs are somewhat lower in Montreal than they are in Ottawa.

The Leader of the Opposition asked for the names of those who had tendered, and the amounts. I have that information here. The tenderers were as follows:

George Hardy Limited	$5,230,760
Louis Donolo Incorporated	5,277,000
The Key Construction Limited	5,297,400
Charles Duranceau Limited	5,472,000
Angus Robertson Limited	5,498,166
The Foundation Company of Canada Limited	5,522,566
B. Perini and Sons Canada Limited	5,593,061
The Tower Company Limited	5,659,800
Anglin-Norcross Quebec Limited	5,699,000
Pentagon Construction Company Limited	5,709,318
Terminal Construction Company Limited	5,777,000
A. Janin and Company Limited	5,819,300
E. G. M. Cape and Company	5,840,000
Walter G. Hunt Company Limited	6,239,000

Mr. McIvor: May I ask the minister a question? As this building will be far away from Montreal, is there any building for physical instruction, such as a gymnasium, so they can keep their figures in shape?

Mr. Fleming: Or a spring-filled dance floor?

Mr. Winters: Mr. Chairman, there are no such recreational facilities in the building. I would emphasize that this will not be primarily an office building. Although it will contain some office space, the proposed new building is essentially a production plant designed to house technical processes of a complex kind.

The studio, for instance, must be soundproofed by means of double-shell construction. This is the case whether it is near an airport or not, and whether it is in Ottawa or Montreal. The building must have facilities to provide the laboratories with large quantities of fresh water each day at constant temperatures. Many areas must be kept air-conditioned and dust-free. Complicated electric and electronic systems must be installed. This is a specialized operation; it requires custom-made facilities, and these can be obtained efficiently only by the construction of a specially designed building, as was recommended by the parliamentary committee and others.

That is what the government are proposing to do, and we are proposing to do it in the most economical way possible.

Mr. Chairman, there are always those people who are concerned about the future of the film board. When the act was changed some three years ago fear was widely expressed in Ottawa that we were ruining the film board, despite the fact that the government made it clear that its intention was to produce a better film board. I think the public generally is now satisfied that we have done that.

The government's intention in this instance is to produce a better board by providing it with facilities it needs in an area where it can obtain the required technical skill and creative talents to maintain that high quality of production which Canadians have come to expect from the film board. Any reduction in the amount of this vote now would in effect destroy the operation of the film board and, Mr. Chairman, the government has no intention of sitting by and seeing that done. For that reason we intend to oppose the amendment.

Mr. Drew: Mr. Chairman, we are still waiting for a word of explanation as to the choice of the site. Will the minister read to us the extracts from the three reports he has mentioned which recommended the choice of this site?

Mr. Winters: I think that question is unnecessary, Mr. Chairman.

Mr. Stuart (Charlotte): So do I.

Mr. Winters: The Leader of the Opposition heard my statement in reply to a question he raised. I said specifically that none of the three agencies had recommended in favour of Ottawa, nor had they recommended in favour of Montreal or any other location. They simply recommended that better facilities be provided. The board itself, that independent body that the government looks to for recommendations as to policy and direction on the film board, recommended that the operating facilities of the board be moved to Montreal, and the government accepted that recommendation.

Mr. Drew: The minister misunderstood me. I asked him whether he would read us the extracts from the recommendations of the board which explained why this should be done.

Mr. Winters: I understood the Leader of the Opposition. I think I understood him correctly that he asked me to read from the reports.

Mr. Drew: No, I did not.

Mr. Chevrier: Oh, yes; that is what you asked for.

Mr. Winters: In any event, reports of the film board to the government are privileged documents, and I am sure hon. members—

Mr. Drew: That is the independent body.

Mr. Winters: —will assume that I am speaking correctly when I say that was their recommendation, and that the government accepted it.

Mr. Drew: Will the minister say whether there were any recommendations from any officials, other than the board, which suggested any other site?

Mr. Winters: Mr. Chairman, I think the Leader of the Opposition intends to attempt to lead me into a position where I will reveal recommendations of officials working within a government agency to the head of the agency, and I shall do no such thing.

Mr. Drew: I want the minister to disclose that there were recommendations against this.

Mr. Winters: You say so, if you know it.

Mr. Drew: We have had explained to us that this independent body made certain recommendations. Now, let us have a demonstration of the independence of this board, and let us have the recommendations that were made. I have sought to make it clear that all we are asking is to know the basis upon which this decision is made. After all, we are asked to support the recommendation for the expenditure not of the $1½ million that is before us but of $5½ million, plus all that goes into it. Presently I hope the minister will tell us what will be the total cost of the land, the buildings and all the equipment going into this, because that is something that will give us an idea of the measure of the operation. Nothing else will. I am putting forward the proposition to the minister that there was no unanimous recommendation in regard to any one site, and that other sites were considered and approved.

Mr. Winters: By whom?

Mr. Drew: Will the minister tell the committee now that this independent body, so free of government as it is described, did not forward to the government any recommendations from the officials within the board other than those to which he has referred?

Mr. Chevrier: He has told you, and he is not subject to cross-examination.

Mr. Winters: The recommendations we received from the board on three separate occasions were to the effect that the operating sections of the national film board should be set up in Montreal.

Mr. Drew: Surely the minister can answer the question. Surely the minister can answer whether or not there have been received any recommendations other than those to which he has referred, recommendations which proposed alternative sites.

Mr. Winters: It is the national film board to whom I looked for advice when responsible to parliament, and that board recommended to me that the facilities be moved to Montreal.

Mr. Drew: Will the minister tell us what will be the total cost of the land, buildings and equipment when this is completed?

Mr. Winters: The contract cost of the building is $5,230,000. The land will cost, when settlement is completed, about $280,000. The cost of the equipment I do not know. I think my colleague will be in a better position to give an up-to-date estimate of that. I do not think the cost of new equipment will be so much. At the present time the film board is fairly well equipped. There will be cost involved in the movement of equipment to Montreal; there will doubtless be some new equipment required, but I have no estimate of what that might be.

Mr. Drew: I heard the impatient comments from those who are not interested in getting any facts.

Some hon. Members: Oh, oh.

Mr. Gauthier (Portneuf): It is all in your mind.

Mr. Drew: After all, we have had an answer now that is really merely a continuance of the answers we received on April 9 of last year: "I do not know how much it is going to be; it will not be so much." Well, how much is so much? We have just been told by the minister that one of the considerations would be the fact that there will be facilities for the production of films for television within the same area. Let us know just what it is going to cost to put in the new equipment that will be involved in bringing this operation into harmony with the other operations providing the films for television, which constitute a new operation. Can the minister not tell us that?

Mr. Winters: No, I cannot. After all, this is an estimate to cover the cost of the building in Montreal. There will be another occasion to consider the estimates of the national film board, and I suggest that would be a much more appropriate occasion on which to obtain these details.

Mr. MacDougall: I have listened with a great deal of interest to the Minister of Public Works, because I came down here from the

far Pacific coast with a great deal of misgiving respecting the transfer of the national film board from the capital city of Ottawa to the city of Montreal. Out on the Pacific coast we have felt, rightly or wrongly, that in the development of the federal district in and around the city of Ottawa the taxpayers of Canada were endeavouring to build a national capital.

When I left the coast on November 7 last a great number of people were concerned. What were they concerned about? They were concerned about the fact that on the one hand we were taking the taxpayers' money to develop a national capital in Ottawa, and on the other we were removing the cornerstones of that national capital and setting up the film board headquarters in the city of Montreal. That was the impression with which I came to this session of parliament. I will have to admit that until tonight, until I heard the fine explanation of the situation by the Minister of Public Works, I was labouring under a similar delusion to that of the people in my riding.

I view this situation now as one of complexity, because as I tried to get the eye of the chairman, the Leader of the Opposition rose on six different occasions. Therefore it is six to one. He is batting six hundred and I am batting only a hundred. With respect to that question, I do not mind it particularly for the simple reason that I view this situation very much like Sherlock Holmes did when he was called in to solve a very complicated situation. He said to his good friend, "Watson, I must take charge of this situation immediately because it is so complicated; I find that the window has been broken on both sides." I think the window has been broken on both sides with respect to the film board.

An hon. Member: No windows.

Mr. MacDougall: We have statements without foundation, statements that have no basis in fact, rumours and frustration all over the land with respect to the national film board. We have heard tonight a review of the actual facts which prompted the government to make certain recommendations with respect to the removal of the film board.

An hon. Member: Dispense.

Mr. MacDougall: That to me is a factual explanation of what has transpired.

An hon. Member: Simple, Dr. Watson.

Mr. Fraser (Peterborough): You are biased.

Mr. MacDougall: My good friend the hon. member for Peterborough says I am biased. Possibly I am, but if I am biased I am biased on a good side. I feel that the people of Canada are vitally interested in the production of good films. I have to admit with a great deal of temerity that I am about as unarty as any unarty member in this house.

An hon. Member: That is obvious.

An hon. Member: Too modest.

Mr. MacDougall: As far as cinematography and television are concerned, I am not in the slightest concerned with them as an individual, but there are hundreds of thousands of people in my province and in the other nine provinces of Canada who look forward with a great deal of anticipation to the showing of national film board films.

In the metropolitan areas of Canada there are a thousand and one different types of amusement with which the people may amuse themselves. But let us not forget that there are many thousands of rural areas in Canada where the facilities for the handling and presenting of pictures and television are not adequate and may not be adequate for many years to come. It behooves us to do what we can, particularly for the people in those remote areas, to see to it—will this magpie chorus behind me pipe down, please?

The Chairman: Order.

Mr. MacDougall: You have given me a derail cocktail, and I do not know where I stopped.

Mr. Knowles: That is where you started.

Mr. MacDougall: Don't worry, I will handle you later on. We have to consider the hundreds of thousands of people who do not enjoy the privileges enjoyed by those who live in the metropolitan areas from east to west in our fair domain. Those people look forward with a great deal of expectation to the presentation of national film board films in the remote areas of our land. I want to tell you, Mr. Chairman, and hon. members of this committee that the spirit of Canada does not lie particularly in the metropolitan areas. The pioneering spirit that made Canada what it is today is to be found in the remote areas of this land.

It is all very well to sit back in complacency and say, "To heck with you, Joe; everything is all right as long as everything is all right with me". I was raised on a much simpler doctrine than that, to do unto others as I would that they should do unto me. I think that is the philosophy with which we should judge this great national problem today. We should consider the other fellow who is in less happy circumstances than we are.

In conclusion I want, on my own behalf and on behalf of a great number of people in British Columbia, to thank sincerely the Minister of Public Works for the fine, lucid and clear explanation he has given of this national film board problem. He and the other ministers, whether by a majority or unanimous decision of the cabinet, decided to make this change in the interests of the people of Canada. I want to leave this last closing word with you, Mr. Chairman. Under no circumstances whatsoever should any man or woman in this house judge this question upon racial or religious principles.

Some hon. Members: Oh, oh.

Mr. MacDougall: It must be based entirely upon that which is the best for the common weal of the people of Canada.

Mr. Stewart (Winnipeg North): Mr. Chairman, the last speaker, the hon. member for Vancouver-Burrard, started off by saying that he approached this question with some misgivings, but by the time he ended he had talked himself completely out of any misgivings whatsoever. His changed feelings may have been due in part to the speech which the minister made. I must say that what the minister said left me at the end with the same misgivings I had when he started.

I must also say that he made a very powerful case against the opposition, and legitimately so. I speak for myself when I say that we were lax and remiss, we were wrong; but I am not going to stay quiet because I am afraid to say I was wrong at some other time. I think the error which is being committed now is much worse than the errors which were committed by us some months ago and some years ago.

The minister has given us many reasons for the film board being moved. He has quoted reports. For instance, the Woods-Gordon company, if I remember rightly, suggested that the work of the board in Ottawa should be centralized and suitable accommodation be provided. If the minister agrees that better operating facilities should have been provided, that the film board should be operating in one building instead of in many buildings as it has in the past; if he agrees that that meant inefficiency, as it was bound to, then the government should have done something for the film board years ago when we were asking them to give some consideration to the problems of that board. But the government did nothing at all until it decided that the film board should be moved to Montreal.

This afternoon the Leader of the Opposition asked what were the facts upon which this decision was based. The only fact I could get out of the minister's speech concerning this decision was that in Montreal there is lots of fresh water and there is freedom from dirt and noise. I am certain that there are other areas in the country to which those facts would be equally applicable. I question profoundly the wisdom of moving the board to Montreal or any other area. When the hon. member for Vancouver-Burrard expresses the hope that this matter will not be regarded in a racial or religious manner he is talking nonsense—

Mr. MacDougall: Nonsense to you.

Mr. Stewart (Winnipeg North): I say you are talking nonsense. No one interjected that idea until you came along.

During the course of his remarks the minister said that any reduction in this vote would destroy the effectiveness of the national film board. That is just not so. If the film board should stay in this city that fact would not reduce its effectiveness one iota compared with its effectiveness in the past. But the government has become stubborn. It has made up its mind. It has dug in its heels and said, "We are not going to budge." Yet the government's policy is not only stubborn; it is also silly. One can forgive a silly policy. After all, it is a natural manifestation. But I find it very difficult to forgive stubbornness because that is an acquired characteristic. The wedding of this manifestation and of this characteristic is usually the basis for Liberal policy; and it is not a good way, I assure hon. members, to govern this country.

The Leader of the Opposition asked for the facts on which this decision was based, but none have been forthcoming. However, there is one fact in regard to this move, and it hinges entirely upon the decision of the last commissioner of the film board. He felt it would be a good move to make and he sold a lot of people a bill of goods. I do not question that he acted honestly, nor do I question his belief that he was right. But he did sell that bill of goods to the government, and they are now either too proud or too stubborn to retreat from the position which they have taken.

This afternoon the hon. member for Ottawa West said this move came as a surprise to him. But why? After all, last year the hon. member in his position as parliamentary assistant to the Acting Prime Minister was surely on the outskirts of the government. He was surely near to government policy. He must have had some idea of what was going on.

If this came to the hon. member as a surprise, then what sort of cabal have we existing within the government? If it came as a surprise to my hon. friend over there then it came as just as much a surprise to hon. members here. That does not mean that it becomes any more palatable.

Some arguments have been advanced for moving the film board, and the Minister of Public Works repeated some of them tonight. I simply do not agree with him any more than I suppose he agrees with me. But at least he did not use the argument I have heard so often in the past, that it is highly important from the point of view of creative capacity that the film board has to be removed from the deadening influence of the civil service atmosphere. I do not believe the atmosphere in Ottawa is as dull or as effete as many would make out.

The minister did say that it was important for the board to get into some area such as Montreal or Toronto where there was a pool of creative talent. But may I remind the minister that Montreal and Toronto are not the only areas in this country in which there is creative talent. One has only to listen to the radio to find that there is as much creative talent in Winnipeg or Vancouver or in other areas across the country. I think it is true to say that the best films produced by the film board have not used professional talent but ordinary run of the mill Canadians, ordinary men, women and children; and the film board does not depend upon a pool of creative talent such as the minister suggests in order to do its best work. I admit that in Montreal and Toronto there are professional actors, but I do not believe they are a necessity to the operations of the film board.

The minister mentioned television. Television is important, and the part which the film board can play in television is perhaps very important. But we can make no greater mistake than to assume that the primary task of the film board is to act as an adjunct to the C.B.C. in producing films for television. There is a vast difference between the sort of work we expect from the film board, which is interpreting Canada to Canadians, and the work being done on television. Television is something which is evanescent, something like the reports which are made by journalists for newspapers. They are written, printed and then disappear from the ken of man. The sort of film we expect from the film board is something which is going to be of more lasting importance, which will have some effect and which will still be worth seeing two or three years from now.

[Mr. Stewart (Winnipeg North).]

It has been suggested that it would be advisable to have the film board administration decentralized, but this is a suggestion which I simply cannot understand. What is going to happen is this. The working section of the film board is going to be near Montreal and the administrative offices of the film board are going to be in Ottawa. How in the name of business or sanity can one expect the film board to adequately administer the corporation without being much nearer the scene of operations? That sort of arrangement does not add up to sense.

The government has loaded the incoming commissioner with a tremendous incubus which may conceivably weigh him down. I do not believe it is a fair proposition. He had no say in the policy, but he happens to have inherited the policy of his predecessor who, in turn, sold what I call a bill of goods to the government.

Another factor which must be borne in mind is that the film board must maintain the closest liaison with government departments. What sort of bill for travelling expenses are we going to accumulate on behalf of the film board personnel when they move to Montreal if they have repeatedly to get in touch with government departments in this city? Research has to be carried out which can only be conducted in the national capital, for the facts and figures and the kind of information they require will have to be found here. That will mean they will have to commute between Montreal and Ottawa, and one can easily imagine the kind of bill we will have to meet. In addition, how can the commissioner possibly keep a finger on everything, and maintain efficiency in Montreal if he has to spend most of his time in Ottawa? However, the government feels that the commissioner ought to be here, and perhaps in Montreal we will have some other administrative group.

One of the big problems is going to be the fact that several hundred employees of the film board are going to move. It may be unpleasant, but hundreds have to do that in other employment. One can sympathize with them, but it is not an insuperable problem. A greater argument to my mind and of greater importance is that many members of the film board, rather than uproot themselves here and rather than go to another province—and I do not care which province it is—might decide to leave the film board. It is conceivable that many of the brighter people in the film board would rather stay here in the hope of getting other jobs or go into the professional production of films in this city, and they may leave the board.

As I said before, the last commissioner came to the conclusion that the move to Montreal would be a good idea. He sold this idea to a great number of people in this city. He sold the idea to the editor of the Ottawa *Citizen*, though let it be said for him that he came out in his own paper and admitted that he had been sold the idea, that he now realizes the idea is not as good as he first thought, and that he has changed his mind on the subject.

The government has accepted this recommendation, and this is the only fact which has been given to us. Now the government has become stubborn. It feels that its prestige is at stake, and it is now resolved not to budge. If I may put the matter colloquially I would sum it up in this way, Mr. Chairman. The last commissioner laid an egg and the administration sitting over there has hatched something pretty horrible.

Mr. Hahn: In speaking to the amendment I should like to suggest that the Minister of Public Works made an excellent case for the moving of the film board, so far as the government's view is concerned. I believe he has sold us on the idea that the film board should be moved, but I do not know that he has sold us on where it should be moved. The hon. member for Vancouver-Burrard suggested that there were other places, but tonight he has been so favourably impressed as to believe that Montreal must be the place and Montreal alone. The hon. member for Winnipeg North has suggested that Montreal and Toronto are not the only places of culture in Canada. I believe that truer words were never spoken. In Winnipeg and Vancouver we have two of the finest cultural centres in all Canada.

Why do we have to centralize everything in the east? If we are going to move something, let us move something westward for a change. I happen to be the member for New Westminster, but I do not necessarily suggest that New Westminster must be the place. The Minister of Public Works did say that a bilingual centre must be chosen. Very close to the city of New Westminster, in the town of Maillardville, we have one of the finest groups of French-Canadian people that one could find. They may not be as cultured as those of the far east—

An hon. Member: Far more.

Mr. Hahn: —but at least we have a bilingual situation there. If it is so simple to move the film board to the city of Montreal, would it not be just as simple to move some of our people of French culture to the far west, to the city of Vancouver, let us say? We have the trees, the mountains, the sea and everything else that could be desired for the filming of beautiful pictures. If it does become the policy of the government to start decentralizing things, then I suggest that the government should get up and say so. Let them tell the people that they are going to decentralize. Let them say that they are going to move the Department of Agriculture to the province of Alberta or to Saskatchewan. The province of British Columbia deserves more public works in proportion to the taxation it has paid in the past 20 years than any other province, so let them move the Department of Public Works to the Pacific coast. Let us decentralize these departments.

Coming back to the particular problem of the film board, it has taken the government a matter of three years, from 1950 to 1953, to sell itself the idea that it is necessary to move the board to Montreal. The Leader of the Opposition asked a most pertinent question about other recommendations, but we did not get a satisfactory answer. I think the people of Canada are entitled to know whether there are any other places in Canada that should have the privilege of at least expecting that the film board might be moved to their particular localities.

Reference was made to the matter of television, but I do not think that should be considered in the same light as the production of films for the people of Canada. As I understand it, the purpose of the film board is to sell Canada to Canadians through films produced by the board. The project is an excellent one, but if we are going to sell Canada to Canadians through the film board then the question of television is rather irrelevant, because television sells itself with the Hollywood type of picture that seems so desirable in so far as the public are concerned. Wrestling matches and things of that type are a lot more appealing to the public than the Kitimat project, for instance.

I would say that the biggest problem the film board must solve today is the matter of public relations between the government and the people of Canada. For instance, I saw a very interesting film on the Kitimat project. I think any Canadian who sees that film will understand that the government is definitely trying to assist in the building up of Canada. That happens to be a particular project. I would go so far as to suggest that if that is the problem confronting the board, then what is wrong with keeping the film board in Ottawa? Why must we go to Montreal to visit the central offices of the film board? Why must we go to Hull to see the printing bureau? When I come to the

capital city of Canada I do not expect to have to run all over the rest of Canada to visit the various government offices.

If we are going to have centralization, then let it be here in our national capital. If it is necessary let us build a pentagon, or something similar to what has been constructed in the United States, to house all our important departments. So far as I am concerned I have not heard a plausible reason why the offices of the film board should be moved from Ottawa to Montreal, Vancouver or any other place in Canada. I suggest that the problem should be examined very closely and carefully. If we are going to decentralize the departments of government we should make a particular point to tell the people of Canada. The government should be honest about it and tell the people that for protective purposes, or whatever the reason may be, they are going to decentralize and place various offices right across Canada, so that if you want to see someone about a particular project you may have to travel from one end of the country to the other.

I suggest that might not be a bad idea at that. Members of parliament might become more familiar with the rest of Canada if, for example, a certain office was on the west coast and another one was in Newfoundland. We might see some members when they came to the far west, and have the privilege of explaining our problems to them. I am sure the hon. member from Newfoundland who commended this move a moment ago would be just as happy to see some of us come to Newfoundland so he could explain to us the problems with respect to fishing and other matters.

I do not wish to speak at great length on this particular problem, and I hope I have not tired you, Mr. Chairman. But the spirit of Canada must prevail, the spirit of either centralization or decentralization. In this particular instance the Canadian people have every right to know exactly what is the full truth of the story. We should have a clear explanation, but up to now I would say it is as clear as mud.

Mr. Dinsdale: Mr. Chairman, during the discussion tonight some reference has been made to the committee on the national film board of 1952. When the minister referred to that committee, it seemed to me that he was suggesting that there was unanimous approval of the idea of shifting the national film board headquarters to Montreal. It was my privilege to sit as a member on that committee, and as I listened to the presentation of the then chairman of the board, Mr. Irwin, it was not my impression that the committee generally agreed with the idea that the location of the film board should be changed from Ottawa to Montreal. In fact my sentiments were just the opposite, and I believe that if other members of the committee take part in this discussion they will reveal similar sentiments.

I must also admit that my sentiments have not been changed by anything that has been said in the discussion thus far, either by the minister or by anyone else who has spoken in favour of the move. Rather I would agree with the hon. member for Ottawa West who put forth an excellent case here this afternoon for the retention of the film board activities in the capital city.

During the minister's remarks he made some reference to a question I asked during the deliberations of the committee. The question was something like this: Why was the film board going to be moved from Ottawa to Montreal? If the minister had continued reading the evidence he would have revealed that I expressed ideas similar to those which have just been put forward by the hon. member for New Westminster. If it was necessary to change the location of the film board, why not move it to some other part of Canada which could provide adequate facilities for carrying on the operations of the board? I shall pursue that point further toward the conclusion of my remarks.

At this stage in my discussion I want to point out that there are two phases, as I see them, of national film board operations. In the first instance we have the basic task of production. As I have listened to the discussion it has seemed to me that hon. members from all sides of the house have indicated agreement that the national film board has done an excellent job under rather difficult circumstances, in providing educational and documentary films that emphasize the Canadian viewpoint. There seems to be general agreement on that conclusion.

Just as important as the task of producing films is the job of distribution. When the Minister of Public Works indicated that there had been a decrease of some 200 employees engaged in film board operations, it occurred to me immediately that this reduction in personnel had taken place not on the production side of film-making but rather on the distribution side. Before I came to this house it was my privilege to be quite closely associated with the distribution of films through our local film council in the city of Brandon. I recall that just after the war there was a substantial national film board staff located in the Winnipeg regional office. This staff

was drastically reduced in about 1948. The reduction in staff took place among the field men who were working in the rural areas carrying on the important task of bringing documentary and educational films to the people in the relatively isolated sections of Canada, those who could most benefit from them.

At that time, in 1948, when the reduction in staff occurred—which I have just learned this evening came as the result of government policy at that time—the work of film distribution was rather sadly dislocated. The problem has been overcome by voluntary action at the local level, so that today film distribution is largely out of the hands of film board agencies. We find that most of the work of distribution in the rural areas is being handled by university extension departments. Only this winter the University of Manitoba followed the general trend and assumed complete responsibility for the distribution not only of national film board pictures but also films produced by any other agency in Canada, as well as from the many other sources of supply that are available outside Canada. There is no responsibility devolving upon the national film board in that regard at all.

Then, too, I think one of the most encouraging developments in this effort to bring good films to the people is the increase in voluntary action by local councils. It became necessary to fill the gap that was left by the sudden evacuation of the national film board, and during the past five or six years almost every area in the province from which I come has succeeded in gathering together a group of public-minded citizens who are enthusiastically taking care of this problem of distribution. Not only do they provide facilities for film distribution but they carry on considerable propaganda through the local press and through the conduct of film festivals, and in addition by buying their own projection equipment. Formerly this equipment was supplied through national film board channels. Through the appeals for funds to obtain sufficient money to provide the equipment, general interest in the viewing of worth-while films is stimulated among service club groups and other groups in that particular community.

We should remember also that various organizations representing important groups in the country are solidly behind the program for bringing good films to the local communities. I need only refer to such activities as citizens' forums, the farm forum, labour organizations and farm organizations to indicate that each one of these groups has made an outstanding contribution to the success of the films for the masses program which has made such headway during postwar years. I would suggest to those responsible that if we are going to have any objectivity at all in this government-sponsored film production program, the closest liaison should be maintained with those organizations representing all cross-sections of Canadian public opinion.

The question has already been put to the minister tonight as to the membership of the advisory board that is supposed to have made the recommendation for the move to Montreal. Several times during the contribution by the Minister of Public Works he said that the final decision was based on the recommendations of the board of directors of the national film board. I would be intrigued to know whether there is a representative, for example of the Canadian Federation of Agriculture, the C.C.L., the T.L.C., or other organizations on that board, because I think if you are going to keep in touch with the real needs of the community in so far as film production is concerned, that can be done only through the closest possible co-operation with these groups.

Whenever a government assumes direct responsibility for mass media of communication, no matter how deeply saturated in democratic traditions that government may be there is always the danger that the mass media will be used to manipulate public opinion for political purposes. The very fact that the national film board moved forward so rapidly during the war is indicative of the success that can be achieved by the use of this media in influencing public opinion. I remember the impact that the outstanding "Canada Carries On" series made upon the people of Canada in wartime, as the national film board endeavoured to stimulate interest and enthusiasm in respect of the war effort.

The matter of distribution is largely out of the hands of national film board officials, and has moved to voluntary groups, consisting largely of film councils in co-operation with university extension departments. I think that is all to the good.

To bring my remarks to a conclusion—

Some hon. Members: Hear, hear.

Mr. Dinsdale: Some hon. members on the other side say "hear, hear". They do not like this. To bring my remarks to a conclusion I wish to refer again briefly to the recommendation I made during the hearings of the committee back in 1952. At that time I asked, if it was necessary to change the location of the film board, why a city like Winnipeg could not be considered. At the time I put forward this suggestion it was

regarded as facetious by members of the committee. But, judging from the reasons for the move given by the minister tonight, I think the capital city of the keystone province has all the qualifications necessary to carry on an adequate film production program.

First of all the explanation was put forward that only Toronto and Montreal provide sufficient talent resources. It was my privilege to visit the present building housing the national film board—I believe it is down on John street—and, moving through the various departments, it was almost like old home week, because located there were many westerners who had been caught up in the great migration from the prairies. This is a subject often discussed in the house, the problem of rural-urban migration. As I say, it was almost like old home week.

The city of Winnipeg is unique as a cultural centre in Canada. In addition to its geographical location in the centre of Canada it is the home of the Royal Winnipeg Ballet, the outstanding activity of its kind in the dominion. It boasts the world's greatest musical festival, one that is recognized in other countries outside Canada. It has an outstanding symphony orchestra. Its theatrical productions are featured regularly on drama programs of the Canadian Broadcasting Corporation. One could mention many individual artists—and I think particularly of Donna Grescoe, the great Canadian violinist —who had their origin in the city of Winnipeg, in the keystone province.

The argument has been offered here that the main emphasis by the national film board is to appeal to the rural audience. I understand that 20 per cent of the production budget will go into the manufacture of films for consumption by our rural audiences in isolated centres. I cannot see for the life of me how operating in Montreal is going to cater to the group who most need these additional cultural facilities, namely our rural audience.

The only talent that seems to exist in abundance in the city of Montreal is a superabundance of Liberal members. And—

Some hon. Members: Hear, hear.

Mr. Dinsdale: Looking at the situation logically, without emotion or bias, it seems to me that the presence of this sort of talent might have had more to do with the decision than the cultural talent to which our attention has been directed. One further word regarding the suitability of other parts of Canada as compared with Montreal.

Mr. Crestohl: Is the hon. member serious in his assertion that Winnipeg would provide as good talent of a bilingual nature as can be provided in Montreal?

Mr. Dinsdale: I was coming to that. Winnipeg is unique as a prairie city in that cultural duality is strongly represented there in the city of St. Boniface, which has all the characteristics of French-speaking Canada and, in addition, has that unique exuberance and creativity that is peculiar to the western provinces of our great dominion. And so from every aspect—

Some hon. Members: Ten o'clock.

Mr. Dinsdale: I shall be finished in two or three minutes. If we must shift, must we think only in terms of Ontario or Quebec? Let us think in terms of other parts of Canada which merit consideration. If we are really going to develop Canada as a strong nation among the family of nations in the modern world, we must think in terms broader than the city of Toronto or the city of Montreal.

Returning to the main topic for discussion, I emphasize as strongly as I can that I am vigorously opposed to any move of national film board operations from the city of Ottawa. We have established our national capital here. The recognition of Ottawa as a national capital is gradually being accepted in other parts of Canada and the world. Such a move is definitely not in the best national interests.

Mr. Winters: Apparently the hon. member has changed his mind.

Mr. Dinsdale: This is my last sentence. I also suggest that the provision of adequate facilities for the national film board could be done with a much more economical expenditure than that indicated in the estimate.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the resolution with respect to vocational training, the resolution with respect to the Pension Act, and then the Criminal Code.

Mr. Knowles: And Thursday?

Mr. Harris: On Thursday we hope to have the resolution with respect to the Bank Act on the order paper. If so, the Minister of Finance will speak to that, and after that we shall continue with this debate.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, March 3, 1954

The house met at 2.30 p.m.

BANKING AND COMMERCE

Third report of standing committee on banking and commerce.—Mr. Croll.

CRIMINAL LAW

ANNOUNCEMENT OF SETTING UP OF ROYAL COMMISSION ON DEFENCE OF INSANITY

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I should like to announce that an order in council has been passed setting up a royal commission to inquire into and report upon the question whether the criminal law of Canada relating to the defence of insanity should be amended in any respect and, if so, in what manner and to what extent.

The membership of the said commission will be Hon. James Chalmers McRuer, chief justice of the high court of justice of Ontario, chairman; Dr. Gustave Desrochers, assistant superintendent of St. Michel hospital, and a member of the faculty of medicine at Laval University, Quebec, P.Q., vice-chairman; Her Honour Judge Helen Kinnear, county court judge for the county of Haldimand, Ontario; Dr. Robert O. Jones, professor of psychiatry at Dalhousie University, Halifax, N.S.; and Joseph Harris, Esquire, of Winnipeg.

QUESTIONS

POST OFFICE—NIGHT DIFFERENTIAL

Mr. Knowles:

1. Has there been in effect in the Post Office Department a night differential in favour of employees obliged to be on duty between the hours of 5 p.m. and 7 a.m.? If so, what have been the terms of such a night differential?

2. Has any such night differential been discontinued, or is it being discontinued, in connection with the institution of the five-day 40-hour week amongst post office employees? If so, for what reason?

3. Have any protests been received against the abolition of said night differential, and is consideration being given to maintaining the said night differential?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. Yes. Seven hours night duty has been accepted in lieu of eight hours.

2. Yes. It is proposed to implement the five-day 40-hour week for all shifts.

3. No formal representations have been received, but reports of a meeting in Vancouver indicate some confusion. Night differential as previously applied disappears with the adoption of the five-day 40-hour week, but the department recognizing the inconvenience of night work has recommended a cash allowance for night duty at points where the five-day 40-hour week goes into effect.

The cash allowance for the additional one and a half hours worked and the inconvenience will be approximately $6 per worker per week for full-time night duty.

Employees will also have the benefit of one more day free from duty each week. In other words their hours of duty will be confined to five days instead of six as at present.

VESSEL "LA HAVE"

Mr. Nowlan:

1. Where is the vessel known as *La Have*, presently based?

2. Is the *La Have* now commissioned, and if so, for what purpose?

3. What was the purchase price for the *La Have* when originally acquired by the Canadian government?

4. What has been the total amount of money expended by the Canadian government or any department thereof in connection with the said *La Have* since its acquisition, and for what purpose or purposes have the said moneys been expended?

Mr. Blanchette:

1. The *La Have* is based at Halifax, N.S.

2. The *La Have* has been commissioned as a Canadian naval auxiliary vessel attached to the naval research establishment, Dartmouth, N.S., and is used for oceanographic and hydrographic research.

3. $60,000.

4. (a) $499,370.98; (b) purchase price, $60,000.00; refit 1952, $39,363.72; operating costs (1952-53), $58,410.00; operating costs (1953-54), $35,112.00; conversion costs to Dec. 31, 1953, $306,485.26.

SUCCESSION DUTY—CAPITALIZATION OF PENSION

Mr. White (Hastings-Frontenac):

Is a pension payable to a widow of a member of the forces under the provisions of the Pension Act capitalized for succession duty purposes?

Mr. McCann: I shall answer this question orally. The answer is yes.

Questions

WHEAT PRICE REDUCTION—CONSULTATION

Mr. Argue:

Was any consultation held between the Canadian wheat board and any farm organization or between any department or official of the government and any farm organization before the price of wheat at Fort William-Port Arthur was reduced by 7 cents per bushel?

Mr. Dickey: No.

WHITEHORSE, YUKON—TYPHOID FEVER

Mr. Simmons:

1. In view of a reported case of typhoid fever at Whitehorse, Yukon, will the Department of National Health and Welfare co-operate with local authorities in taking steps to combat any danger of an epidemic?

2. If so, what action has been and will be taken by the department in this connection?

Mr. Robertson:

1. Yes—the Department of National Health and Welfare is already co-operating with the local authorities and will continue to do so in taking steps to combat any danger of an epidemic.

2. The Indian health services directorate of the Department of National Health and Welfare was notified that an Indian from Carmacks, Yukon Territory, had been admitted to the Whitehorse hospital with suspected typhoid fever. Two other suspects were also admitted.

Immediately on receipt of this information, a supply of typhoid and paratyphoid vaccine was sent to our public health nurse in that area and inoculations were started of all the contacts known in the district where the case originated. The army medical corps was asked to co-operate and they promptly arranged for investigational and laboratory work. The one case was confirmed as a positive case of typhoid fever; the other two suspects have not to date been confirmed as having typhoid fever.

Officers of the public health engineering division of the Department of National Health and Welfare are in Edmonton and should further trouble develop, they will be able to proceed to the Yukon.

CHARTERED BANKS—PROFITS, ETC.

Mr. Quelch:

1. What were the profits of the ten chartered banks for each of the years 1950 to 1953 after making appropriation to contingent reserve, and provision for depreciation of bank premises and equipment?

2. What provision was made by these banks for dominion and provincial taxation in each of these years?

3. What was the percentage of profits shown in answer to question (1) to paid up capital in each of the years mentioned?

4. What was the actual rate of dividend paid by these banks for those years?

Mr. Benidickson:

1, 2 and 3. Information requested with respect to the fiscal years 1950, 1951 and 1952 was given in *Hansard* of March 30, 1953. For the year 1953, with amounts expressed in thousands of dollars, it is as follows:

—	(1) Net profits	(2) Provision for income taxes	(3) Percentage of profits in column (1) to paid-up capital	(3-a) Percentage of profits in column (1) to shareholders equity
	$	$		
Bank of Montreal	7,043	6,650	19·56	7·28
The Bank of Nova Scotia	3,011	2,750	20·08	6·14
The Bank of Toronto	1,303	1,263	21·72	5·84
The Provincial Bank of Canada	426	354	8·52	5·21
The Canadian Bank of Commerce	5,789	5,558	19·30	8·41
The Royal Bank of Canada	8,635	8,952	24·67	8·11
The Dominion Bank	1,394	1,430	19·91	7·16
Banque Canadienne Nationale	1,365	1,220	19·50	8·85
Imperial Bank of Canada	1·402	1·786	20·03	7·17
Barclays Bank (Canada)	18	4	0·60	0·29

Note to column (1)—Net profits after appropriations to contingency reserves, provision for depreciation and for income taxes.

Note to column (2)—Includes provision for foreign income taxes in some cases.

Note to column (3-a)—As the undivided profits and rest accounts of the banks represent undistributed profits and moneys paid in by shareholders, a more accurate picture is given by showing profits as a percentage of the shareholders equity.

4. Rate of dividends on paid-up capital for fiscal years:

Bank	1950 per cent	1951 per cent	1952 per cent	1953 per cent
Montreal	10	12	12½	14
Nova Scotia	16	16	16	18
Toronto	16	16	16	17
Provincial	7	7	7	7
Commerce	10	10	12	12
Royal	10	12	12¼	14
Dominion	12	12	12	13
Nationale	8	10	10	12
Imperial	14	14	14	15
Barclays	nil	nil	nil	nil

TRUCK AND EQUIPMENT LOST IN SEATTLE

Mr. McLeod:

1. Was a truck, loaded with military equipment en route from Edmonton to Vancouver, lost in Seattle, Washington?
2. If so, was the vehicle and equipment recovered in good condition?
3. What was the reason for routing this truck through Seattle?

Mr. Blanchette:

1, 2 and 3.

A contract was made with a civilian contractor to carry a shipment of army vehicles from 45 camp ordnance railhead, Wainwright, Alta., to 8 area ordnance depot, Vancouver, B.C. The truck was driven by a civilian driver employed by the civilian contractor. Routing was at the discretion of the civilian contractor and, according to information received, other routes to Vancouver being closed because of bad weather conditions, the driver took the route via Spokane, Washington, to Vancouver.

After stopping for a few days in Seattle, the driver abandoned the loaded truck. The motor vehicles belonging to the Canadian army were delivered in good condition in accordance with the contract.

CANADIAN NATIONAL RAILWAYS LAY-OFFS

Mr. Hodgson:

1. How many men have been laid off by the Canadian National Railways since November 1, 1953?
2. How many men have been laid off by the Canadian National Railways, since October 1, 1953, at Lindsay, Ontario?

Mr. Langlois (Gaspe): The Canadian National Railways advise as follows:

1. In motive power and car department main shops there have been 1,087 men laid off since November 1, 1953.

2. There are no main shops at Lindsay but there is a roundhouse. Since October 1, 1953, one boilermaker and two car helpers have been laid off.

Questions

CHARTERED BANKS—CONTINGENT RESERVE FUND

Mr. Quelch:

1. What was the total of the transfers made to contingent reserve fund by the ten chartered banks collectively for the period 1945 to 1954?
2. Were any of these transfers considered to be in excess of their reasonable requirements?
3. If so, how much additional taxation were they required to pay?

Mr. Benidickson:

1.

Fiscal years	Transfers to contingency reserves, net
1945	$22,244
1946	—6,902
1947	17,243
1948	15,524
1949	20,993
1950	20,600
1951	27,965
1952	27,069
1953	24,834

Notes

(a) Amounts are expressed in thousands of dollars.

(b) Before provision for losses on investments, loans and other assets.

(c) After deduction of retransfers to published rest accounts.

(d) No figures are available for the fiscal year 1954.

2 and 3. Information requested with respect to the fiscal year 1945 was given in *Hansard* of June 28, 1950. There have been no excess transfers to contingency reserves in the years 1946 to 1952 and, subject to final audit, none in the year 1953.

BELGIAN FN RIFLE

Mr. Churchill:

1. Has the Belgian FN rifle been adopted for use by the Canadian army?
2. What NATO countries have adopted the Belgian FN rifle?
3. Will production of the Belgian FN rifle be undertaken in Canada? If so, when?
4. Has the United States made a firm commitment to produce the Belgian FN rifle?

Mr. Blanchette:

1. No.

2. Belgium and the United Kingdom.

3. The Canadian army is purchasing two thousand (2,000) of these rifles to submit them for extensive user trials and if these prove successful it is probable that consideration would be given to adoption of the rifle and the immediate commencement of its production.

4. Not so far as known.

Questions

BRITISH EM2 RIFLES—MODIFICATION

Mr. Churchill:

1. Has Canada any British EM2 rifles?
2. Has the British EM2 rifle been modified or can it be modified to use the ·300 rounds?

Mr. Blanchette:

1. The Canadian army has 14 EM2 rifles in ·280 calibre.
2. Yes.

WAR DISABILITY AND WIDOWS' PENSIONS

Mr. Balcom:

1. What is the number of veterans in each province who are in receipt of war disability pensions?
2. What is the number of widows in each province who are in receipt of war disability pensions?
3. What is the annual liability of war disability pensions, by provinces?
4. What is the annual liability of widows' pensions by provinces?

Mr. Bennett:

Number and annual liability of disability pensioners and widows of deceased soldiers by district office as at December 31, 1953.

District Office	Disability pensioners		Widows	
	1. No.	3. Annual Liability $	2. No.	4. Annual Liability $
St. John's, Newfoundland	868	667,730	126	151,200
Charlottetown, P.E.I.	1,457	938,505	173	207,600
Halifax, N.S.	8,538	5,255,455	1,080	1,296,000
Saint John, N.B.	5,974	3,477,108	670	804,000
Quebec, P.Q.	3,245	1,863,082	235	282,000
Montreal, P.Q.	13,465	7,339,771	1,449	1,738,800
Ottawa, Ont.	6,560	3,525,877	837	1,004,400
Kingston, Ont.	2,898	1,738,132	374	448,800
Toronto, Ont.	24,348	14,212,175	3,388	4,065,600
Hamilton, Ont.	6,932	3,643,910	848	1,017,600
London, Ont.	12,308	7,473,187	1,277	1,532,400
North Bay, Ont.	3,094	1,582,726	260	312,000
Winnipeg, Man.	13,156	7,525,572	1,374	1,648,800
Regina, Sask.	3,935	2,216,183	315	378,000
Saskatoon, Sask.	3,512	2,039,724	327	392,400
Calgary, Alta.	5,992	3,240,001	531	637,200
Edmonton, Alta.	5,522	3,017,056	467	560,400
Vancouver, B.C.	22,589	13,441,855	2,657	3,188,400
Total	144,393	83,198,049	16,388	19,665,600

Note.—These figures do not include:

(a) Canadian awards of supplementary pension;
(b) Awards under the Civilian War Pensions and Allowances Act.

RESEARCH

Mr. Macdonnell:

1. What is the amount spent on research per capita in: (a) Canada; (b) United Kingdom; (c) United States of America; (d) U.S.S.R.?
2. What is the amount spent on research by the national research council in: (a) Ottawa; (b) elsewhere?
3. How much of the research expenditure of the council outside Ottawa is spent on grants for research in: (a) universities; (b) any other agencies?
4. How many applications for grants in aid of research from universities were refused?
5. How much was involved in the refusals?
6. To what extent has the national research council undertaken to act as co-ordinator of research throughout Canada?

[Mr. Blanchette.]

Mr. Dickey:

1. Information not available.

2. Amounts spent on research by the national research council during 1952-53 were:

(a) In Ottawa—$9,368,381

(b) Elsewhere—$2,513,120.

3. Expenditures outside of Ottawa on grants for research during 1952-53 amounted to:

(a) $812,817 in universities (in addition $359,789 was spent on scholarships)

(b) $201,121 in other agencies.

4 and 5. A parliamentary appropriation is available for grants. The allocation is based

both on the amount available and on the importance of the work. Grants are, therefore, refused in some cases and requests cut down in others on the basis both of the availability of funds and the potential value of the work. In 1952-53, 455 applications were received for grants approved totalling 393 amounting to $978,678.

6. The council has taken the initiative in organizing associate and special committees to co-ordinate research in specialized fields throughout Canada. During the fiscal year 1952-53 there were about 25 such committees functioning. The council is responsible for the production of such national efforts as the national building code and a large number of Canadian government specifications. The national research council also co-operates with university, provincial and federal government research organizations, and with research groups in industrial concerns.

BRITISH EM2 RIFLE—TESTS

Mr. Churchill:

1. What tests or user trials have been carried out by the Department of National Defence with British EM2 rifle?

2. Have comparative tests been carried out by the Department of National Defence with the British EM2 and the Belgian FN rifles? If so, when?

3. Where, when and under what auspices did comparative trials of the Belgian FN and the British EM2 rifles take place?

4. Were representatives of the Department of National Defence present at these trials?

Mr. Blanchette:

1. The Canadian army participated in technical and user trials held in the United States from February, 1950, to September, 1950. In the winter 1952-1953 the EM2 rifle was tested by the Canadian army at Fort Churchill. The Canadian army also carried out a series of technical tests of the EM2 rifle during the period 1951-53. In addition the Canadian army has received from both the United Kingdom and the United States reports of the result of tests and trials carried out by both countries.

2 and 3. Representatives of the Canadian army participated in, observed and received all the reports of both technical and user tests of both rifles which were held in the United States in 1950 under the sponsorship of the United Kingdom and the United States and which were held in the United Kingdom in 1952 under the sponsorship of the United Kingdom. Representatives of the Canadian army, Canadian Arsenals Limited and the defence research board have been testing and working with both rifles continuously since 1950. Numerous officers and men of the Canadian army and others have repeatedly fired both rifles.

4. (a) During the technical tests and the user trials held in the United States in 1950, two Canadian army officers were present throughout and twelve men participated in the conduct of the trials.

(b) In the trials held in the United Kingdom in 1952 the Canadian army was represented by an officer.

GRAIN CLEANED AT TERMINAL ELEVATORS

Mr. Bryson:

1. What was the gross weight of grain cleaned in the terminal elevators at Vancouver, Port Arthur and Fort William, from August 1, 1952 to July 31, 1953?

2. What was the net weight of cleaned grain and what was the weight of screenings and dockage?

3. How much of the above screenings and dockage had commercial value?

4. What quantities were sold as (a) livestock and poultry feeds; (b) for any other purpose?

Mr. Dickey:

1. Grain is not weighed immediately before being put through the cleaners nor are the screenings removed therefrom weighed. Statistics are therefore not available to answer the above questions as asked.

Attached is a statement showing the gross receipts of grain and dockage assessed for the crop year 1952-53.

Gross receipts of grains and dockages assessed crop year 1952-53

At Fort William-Port Arthur elevators

Grain	Amount pounds	Dockage pounds
Wheat	18,191,537,400	431,344,680
Oats	3,268,805,152	37,969,704
Barley	6,045,320,544	87,825,600
Rye	886,910,416	25,223,016
Flax seed ...	503,878,144	93,321,648
	28,896,451,656	675,684,648

At Pacific coast elevators (includes Prince Rupert)

Grain	Amount pounds	Dockage pounds
Wheat	6,659,778,960	174,392,040
Oats	66,582,302	617,202
Barley	720,842,880	7,793,520
Rye	220,864	952
Flax seed ...	45,976	
	7,447,470,982	182,803,714

TRANS-CANADA HIGHWAY, WINNIPEG TO WEST COAST

Mr. Holowach:

1. Has the government considered the advisability of an early start on the construction of a trans-Canada highway from Winnipeg, via Saskatoon, Edmonton, Edson, Jasper and the Yellowhead route to the west coast?

2. Has the government considered the advisability of calling a conference with the provincial governments of the four western provinces to discuss details of defence highways and other highway problems?

Mr. Bourget:

1. No. The provincial governments concerned designated the route of the trans-Canada highway as passing through Winnipeg, Regina, Calgary and Vancouver.

2. There have been three conferences assembled over the past four years by the federal government to discuss problems relative to the trans-Canada highway. No other conferences are being considered at the present time except as announced by the Minister of Transport on Tuesday, February 23, 1954; *Hansard*, page 2345.

FEDERAL SECURITY PANEL

Mr. Fulton:

1. Who are the members of the government's security panel?
2. When was the panel set up?
3. How many meetings has it held since it was constituted?
4. How often does it meet?
5. Is there any appeal (a) from a decision of a deputy minister to the security panel; (b) from the decision of the security panel?
6. If so, what are the procedures for such appeals?

FEDERAL EMPLOYEES—SECURITY SCREENING

Mr. Fulton:

1. Since January 1, 1947, how many dominion government employees of all categories have been screened out of their former positions for security reasons in each department, agency, or crown corporation?
2. Of these (a) how many have been dismissed from the department, agency or crown corporation in question; (b) how many have been moved to other less sensitive positions?

Mr. Howe (Port Arthur): Perhaps I could make an oral statement on these two questions. It is not in the public interest to answer these questions. The security panel acts anonymously. It does not pass orders but rather recommendations to the deputy head. In my opinion it is not in the public interest to say why people were dismissed from the service, whether it was on security grounds or otherwise. I hope my hon. friend will be satisfied to drop these two questions.

Mr. Fulton: Mr. Speaker, I tried to frame these questions in such a way that the answers, if given, would be purely factual and the answers would not give a lead to the personnel of the panel or be of aid in tracing the name of a person. I would hope that the minister might reconsider the matter and, in view of the way in which the questions are phrased, might reconsider whether or not it is possible to give an answer.

[Mr. Holowach.]

The first question does not ask for the names of any people dealt with by the panel. It only requests the names of the panel and how often it meets. What is the procedure on appeal from a decision of a security officer or from the panel itself? Again it would seem to me that is the type of factual information that would not reveal any security material that it is proper not to disclose.

Mr. Howe (Port Arthur): I do not wish to debate the subject. Whether answering the questions would disclose a security matter or not is a matter of opinion. I suppose if only one man has been dismissed from his department, and we say that one man was dismissed for security reasons, it is pretty obvious who the one man is. I see no good purpose to be served. As I understand the rule, the question can be asked and the government can decide whether it is to be answered or not. I think the decision of the government must be that these two questions cannot be answered.

Mr. Fulton: That they will not be answered.

Mr. Coldwell: I think some of these questions might be answered. I suggest it is not in accordance with our democratic way of doing things to have a board sitting and suggesting certain sentences without anyone knowing about them. The loss of a position is a very serious thing in these days.

Mr. Howe (Port Arthur): The board does not order dismissal. It simply looks into and reports on the facts. If a case is reported to the board the facts are carefully explored and are then conveyed to the head of the responsible department. I think it would be very difficult to get people to serve on the board if their names were to be published. We all abhor McCarthyism, and so far we have been able to do a security job here without resorting to the kind of situation that arises in another country.

Mr. Fulton: The point is—

Mr. Speaker: Order. I have allowed the hon. member who put the question to make comment, and perhaps I should not have allowed others, in view of citation 307, the latter part of which says:

> An answer to a question cannot be insisted upon, if the answer be refused by the minister on the ground of the public interest; nor can the question be replaced on the notice paper. The refusal of a minister to answer on this ground cannot be raised as a matter of privilege.

These two questions are dropped.

RIFLES—LENGTH, CAPACITY, ETC.

Mr. Churchill:

1. What is (a) the length without bayonet; (b) the length with bayonet; (c) the weight without bayonet; (d) the weight with bayonet, of the Belgian FN, the British EM2 and the Lee-Enfield rifles respectively?
2. What is (a) the capacity of the magazine; (b) the rate of automatic fire; (c) the rate of aimed single shot, fire of the Belgian FN and the British EM2 rifles respectively?
3. Can the user shift from single shot action to automatic action or vice versa instantaneously with the Belgian FN rifle?

Mr. Blanchette:

1. Belgian FN

(a) Length without bayonet, 41·5 in.; (b) Length with bayonet, 50·5 in.; (c) Weight without bayonet (including 20 rounds of ammunition), 10·6 lbs.; (d) Weight with bayonet (including 20 rounds of ammunition), 11·3 lbs.

British EM2

(a) Length without bayonet, 35·6 in.; (b) Length with bayonet, 44·6 in.; (c) Weight without bayonet (including 20 rounds of ammunition) 10·8 lbs.; (d) Weight with bayonet (including 20 rounds of ammunition), 11·5 lbs.

Lee-Enfield

(a) Length without bayonet, 44·5 in.; (b) Length with bayonet, 53 in.; (c) Weight without bayonet (including 10 rounds of ammunition) 8·8 lbs.; (d) Weight with bayonet (including 10 rounds of ammunition), 9·6 lbs.

2. (a) FN, 20 rounds; EM2, 20 rounds; (b) FN, 650-700 rds per min is the cyclical rate; EM2, 650-700 rds per min is the cyclical rate; (c) FN, 60 rds per min; EM2, 60 rds per min.

These figures are of course approximate.

3. There are two designs of change lever with the FN rifle. With one design the user can fire the FN semi-automatic (single shot) only. With the other design of change lever, the user can fire either single shot or full automatic and can effect this change instantaneously.

WEAPON STANDARDIZATION—BELGIAN FN RIFLE

Mr. Churchill:

1. Did the Minister of National Defence or any representative of his department recommend the adoption of or indicate a preference for the Belgian FN rifle at any conference of NATO countries on the subject of the standardization of weapons?
2. If so, when and at what conference?

Mr. Blanchette:

1 and 2. Discussion at NATO meetings took place on the round but not on the rifle and the answer to this question is consequently no.

Orders for Returns

QUESTIONS PASSED AS ORDERS FOR RETURNS

WIRELESS STATION, SPOTTED ISLAND, NEWFOUNDLAND

Mr. Noseworthy:

1. What was the total cost to the government of erecting and operating a wireless station at Spotted island, Newfoundland, during the war?
2. How was this cost made up?
3. For what period of time was this station in operation?
4. When was it dismantled?
5. What amount, if any, was recovered from the salvage of material or equipment when this station was dismantled?

EXPRESS AND FREIGHT RATES, TORONTO-WINDSOR

Mr. White (Middlesex East):

1. What is the tin-canned commodity freight rate per mile on a minimum carload of canned peas from Toronto to Windsor?
2. What is the rate per mile paid by Canadian National Express to Canadian National Railways for hauling (a) a sixty foot express and baggage car from Toronto to Windsor; (b) a ninety foot express and baggage car from Toronto to Windsor?
3. In each of the above mentioned cases, are the Canadian National Railways the owners of (a) railway mail cars; (b) express and baggage cars?

MICA CREEK DAM

Mr. Holowach:

1. Has the federal government received any report or recommendation from the international joint commission, or any member thereof, respecting the construction of a dam at Mica creek?
2. Has any expenditure been made to date in surveys and other preliminary work in connection with this proposed dam?
3. If so, in what amount?
4. What steps are being taken to proceed with the construction of this dam?
5. Has the government received resolutions or submissions from anyone suggesting that no further expenditure be made on the Big Bend route of the trans-Canada highway on account of the proposed dam?
6. If so, from whom?
7. Has the government considered the advisability of contributing financial aid to the permanent improvement of the all-weather Yellowhead route from the Alberta border to Kamloops, as an alternative to the problem raised by the proposed dam?

ARCHITECTS—RETAINED BY GOVERNMENT

Mr. Fulton:

1. In each fiscal year since March 31, 1950, how many architects in private practice have been engaged or retained for any purpose by the dominion government, whose remuneration for their services has been on an individual professional basis, rather than by way of being placed on the government payroll?
2. How much has been paid for the services of such architects in each such fiscal year?

Orders for Returns

ARCHITECTS—EMPLOYED IN GOVERNMENT DEPARTMENTS

Mr. Fulton:

1. How many persons are employed as architects in each department or agency of government other than the Department of Public Works?
2. What is the total of salaries provided to be paid to such architects, by department or agencies respectively in the coming fiscal year?

MARGARINE PRODUCTION

Mr. Boisvert:

1. How many factories were producing margarine in Canada, by provinces, in 1950, 1951, 1952 and 1953?
2. Under what trade marks was the margarine offered to Canadians by the various producers?
3. How many pounds of margarine were produced in Canada, by provinces, in 1950, 1951, 1952 and 1953?
4. Is there any other kind or kinds of substitute for butter, other than margarine, manufactured in Canada?
5. If so, what are the various kinds and in which provinces are these substitutes produced?
6. How many pounds were produced in Canada, by provinces, for 1950, 1951, 1952 and 1953?

WOMEN CLEANERS, WINNIPEG—HOURS AND WAGES

Mr. Knowles:

1. Has the government any information as to the hourly and monthly rates of pay for women cleaners in Winnipeg employed by (a) the federal government; (b) the provincial government; (c) the city of Winnipeg; (d) any representative private employers?
2. If so, what are such hourly and monthly rates?
3. What number of hours and days per week are worked in all cases?
4. Is consideration now being given to increasing the pay of women cleaners in federal public buildings in Winnipeg so as to restore the amount thereof to what it was prior to the institution of the five-day week?

ADULTERATED BUTTER

Mr. Knowles:

1. Have any persons or companies been prosecuted, at any time since July 1, 1952, on charges of mixing butter with margarine?
2. If so, what are the names and addresses of such persons or companies?
3. What quantities of adulterated butter were involved in each case, and what penalties were imposed in each case?
4. Is the government in possession of any adulterated butter seized in connection with such prosecutions?
5. If so, what quantity of such adulterated butter did the government obtain, and how much does it now have on hand?
6. What does the government propose to do with such adulterated butter?
7. What is the food value of this butter?
8. Was any of this adulterated butter offered to the public for sale, or to the government for purchase under its price support program? If so, how much was sold to the public and how much was purchased by the government?

[Mr. Fulton.]

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, ETC.,

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

That it is expedient to introduce a measure to provide for the decennial revision of the Bank Act and the extension of the charters of the existing chartered banks till July 1, 1964, and to provide further for certain changes in connection with the administration of the act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

COAL

INQUIRY AS TO JOINT MEETING TO CONSIDER INDUSTRY

On the orders of the day:

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, on Thursday last, as reported at page 2428 of *Hansard*, the hon. member for Cape Breton South (Mr. Gillis) asked this question:

Can the minister inform the house of the approximate date when representatives of his department will be meeting with the coal operators of Nova Scotia and the mine workers jointly for the purpose of determining the future of the coal industry?

The date for the proposed meeting has not yet been finally settled, but the suggested date is Friday, March 12.

Mr. Brooks: May I ask a supplementary question. Will there be a meeting in New Brunswick with the coal operators there, as well?

Mr. Prudham: If the proposed meeting takes place, as suggested, on Friday next, the coal operators and mine union representatives, provincial governments and the dominion coal board will all be represented.

Mr. Johnston (Bow River): Will the mine operators of western Canada be included?

Mr. Prudham: No, not at this meeting. This is a maritime problem.

Mr. Johnston (Bow River): Does the committee intend to hold a meeting later to discuss the matter with western coal operators?

Mr. Prudham: We have had several meetings with western coal operators, and we will be glad to meet them at any time they wish to come.

TRADE

REDUCTION IN EXPORTS—REQUEST FOR STATEMENT

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, I should like to ask a question of the Acting Prime Minister. In view of a statement issued today by the Department of Trade and Commerce, has the Acting Prime Minister any comment to make on the fact that our exports for January fell off to the extent of $100 million less than those for December, and were $55·9 million less than those for the month of January last year? Is this due to our reduced wheat sales, or what is the reason?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Many categories of exports were down, one of which was newsprint. I think my hon. friend knows that just as much newsprint was produced in January as usual, but part of that production was not shipped. The weather has something to do with it. Of course wheat shipments were down, as compared with January a year ago, owing to a slackening off of demand. But I think my hon. friend and his associates have reason to know that we cannot judge exports by the figures for any one month. Any period less than three months can be very deceptive. Some theories have been built up on exports for one month that have collapsed in succeeding months.

IMMIGRATION

READMISSION OF HAROLD C. BANKS TO CANADA

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): I should like to ask the Minister of Citizenship and Immigration whether he can now give an answer to my question of February 25 with respect to Harold C. Banks.

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the hon. member asked if the file on Harold C. Banks had been mislaid, as was reported in a newspaper in the month of August. The file has never been mislaid that the department knows about. It is still in our possession and always has been.

ADMINISTRATION OF JUSTICE

CORNWALL—CONTEMPT OF COURT PROCEEDINGS

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, yesterday the hon. member for Prince Albert (Mr. Diefenbaker) asked me, upon what authority in connection with the commitment for contempt of court of Edward Bryan of Cornwall, Chief Justice McRuer could in fact substitute the sentence of a fine for imprisonment after sentence had been commenced. The question raised by the hon. member had to do with the administration of justice, which is a provincial responsibility. I had no material before me indicating the basis of the chief justice's authority to make such an order. I had no responsibility for having such material before me. I therefore declined at that time to answer my hon. friend's question.

While there may be a distinct difference of opinion as to the propriety of asking such a question in this house, once it has been asked I think it would be unfair to Chief Justice McRuer that I should not complete the record of this incident by placing upon it Chief Justice McRuer's own statement as to his authority to make this order which the hon. member for Prince Albert has questioned. I have accordingly secured from Chief Justice McRuer the following statement, which is in the third person:

> The matter was brought before the court by an application made by Mr. Kelly, the counsel for the accused Balcombe in the case of Regina *v.* Balcombe, and the material upon which the order was based was placed before the chief justice McRuer on this application. The chief justice, exercising the inherent power vested in a judge of a court of superior jurisdiction, directed that the publishers and the distributor in the Cornwall area should be brought before the court to show cause why they should not be committed for contempt of court. In imposing the penalty, Chief Justice McRuer exercised the inherent power vested in a judge of any court of superior jurisdiction in a matter of this character, and likewise the chief justice in remitting part of Mr. Bryan's sentence, exercised an inherent power that is vested in a judge who imposes such a sentence when he considers that the service of part of the sentence may have sufficiently purged the contempt of the prisoner.
>
> The statement of fact in the question—

That is, Mr. Speaker, the question which the hon. member for Prince Albert (Mr. Diefenbaker) asked me yesterday.

> —that a fine was substituted for imprisonment, is not correct. The order releasing Mr. Bryan was made upon condition not that he should pay a fine, but that he should pay the costs of the application of Mr. Kelly, the counsel for the accused Balcombe.
>
> Statements appearing in the press that this order was made after representations had been heard by the chief justice from citizens of Cornwall are likewise incorrect. The order was made entirely on Chief Justice McRuer's own initiative after consultation with the crown counsel in the Balcombe case.

That is the end of the statement.

May I add one further note. The provincial authorities within whose field of responsibility the administration of justice comes are apparently in agreement with Chief Justice McRuer upon the point in question. Deputy Attorney General Magone of Ontario is quoted in this morning's Toronto *Globe and Mail* as having said last night, in reference to this matter:

If the judge feels the contempt was purged after the time spent in jail he is quite within his right in reducing sentence.

EXTERNAL AFFAIRS

REPRESENTATION AT GENEVA CONFERENCE ON KOREA AND INDO-CHINA

On the orders of the day:

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, on February 22 the hon. member for Prince Albert (Mr. Diefenbaker) asked a question about the Korean political conference to be held in Geneva. A few days ago, on February 24, this government received a formal invitation to attend that conference, and that invitation has now been accepted.

VOCATIONAL TRAINING CO-ORDINATION ACT

AUTHORITY TO ENTER INTO AGREEMENTS WITH PROVINCES, CHANGES IN ADMINISTRATION, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Vocational Training Co-ordination Act to meet present day requirements for defence and other purposes, including authority to enter into agreements with the provinces to grant assistance for rehabilitation training of disabled persons; also to provide for an increase in the number of members on the vocational training advisory council, for a per diem allowance for members of the council; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Applewhaite in the chair.

Mr. Gregg: At this stage I should like to make a brief statement to outline in a general way what is involved in this resolution. As the committee knows, the Vocational Training Co-ordination Act, which was first enacted in 1942, was designed to provide legislative authority for the carrying out of the various forms of training for discharged members of the armed forces, and for such forms of vocational training or assistance for vocational training as could be foreseen as coming within the immediate post-war period.

The act provides that all training may be undertaken by provincial authorities under agreements between the provincial and federal governments providing for federal financial assistance.

There has been established under the act a vocational training advisory council which includes representatives of the provinces of employers, of organized labour, of women, of veterans and of other interested groups. The work of this council has been of very great assistance to the administration of the act. In passing I should like to pay tribute to the excellent work that has been done by the members of the council. Part of the amendments proposed here are for the special purpose, which I shall indicate later, of increasing the number from 16 to 20.

It is proposed to revise the wording of certain provisions of the act in the light of present-day training requirements. These differ in some respects from those existing at the time the act first came into force. These changes have been discussed with provincial authorities and the advisory council has expressed the desirability of the changes in the act and in the training program itself.

Training programs are conducted under the provisions of the Vocational Training Co-ordination Act through federal-provincial agreements, namely, the vocational training agreement, the vocational schools' assistance agreement, the apprenticeship agreement and the correspondence courses agreement.

Under the provisions of the vocational training agreement, the federal government co-operates with the provinces in the following types of programs: (a) the training of former members of Her Majesty's forces who are approved for such training by the Department of Veterans Affairs; (b) training for unemployed workers referred by the national employment service and for whom such training is required to fit them for suitable employment; (c) trades training for members of the armed forces and the provision of civilian instructors for schools operated by the armed forces; (d) training of skilled and semi-skilled workers for defence production; (e) training of foremen and supervisors in industrial establishments; (f) training for young people from rural communities who are not served by the existing provincial school systems; (g) financial aid to needy worthy university students and to nurses in training.

That covers the vocational training agreement, Mr. Chairman. Under the terms of the vocational schools' assistance agreement, financial aid is provided to the provinces for the construction, equipment and operation of technical, vocational and trade schools of

less than university grades. I am sure hon. members will realize that in view of the great number of veterans who have been trained in skills under this act, the greater part of that program has been completed. In other words, the provinces, with the assistance of the federal government, have established a pretty substantial set-up of well-equipped vocational schools across the country; but it is under that section that that has been done.

Under the provisions of the third one, the apprenticeship agreement, training is provided in full-time and part-time classes for apprentices registered with departments of labour under the provisions of provincial apprenticeship acts.

I now come to the fourth group. Under the provisions of the correspondence agreement, the federal government shares with the provincial governments in the cost of the preparation of vocational correspondence courses which are made available under the same terms and conditions to students in all parts of Canada.

The Deputy Chairman: Order. I hesitate to interrupt the minister in the middle of his remarks, but I should like to suggest to the committee that there be sufficient quietness to enable those hon. members who wish to hear the minister's explanation to do so.

Mr. Gregg: Thank you, Mr. Chairman.

Under the amendments to the act as set forth in the bill, authorization is being sought for the provision of rehabilitation training to disabled civilians. At this point I should like to state that I do not want for a moment to overestimate the importance of the total number of amendments that are forthcoming here. This act has proved itself to be a very effective one; but there were certain routine amendments that were required, one affecting the council and other items.

To my mind one of the greatest improvements is that one which provides for rehabilitation training of disabled civilians in co-operation with the provinces. Then there is a provision to facilitate other types of training within the authority of parliament which may be required for other government departments. Authority is being asked to increase the membership of the vocational training council so as to provide representation from all the provinces as well as from other groups. There is also the question of the appointment of alternate members to act in the absence of the regular members. That is being brought forward after a good deal of discussion and upon the recommendation of the council. There were arguments for it and there were arguments against it, but it appeared that the arguments for it were the stronger. The other amendments in the bill are made necessary because we are no longer in an immediate post-war period.

Mrs. Fairclough: Mr. Chairman, I am sure that all members of this committee will congratulate the minister upon what has proved to be a very useful act. Some ten years having elapsed since it came into force, I suppose there are certain things that need to be amended. I was interested in the minister's remark that it was thought wise to increase the number on the council from 16 to 20. If I understood him correctly, this change is made because of the need for representation from all provinces. Since that time we have had another province added to Canada.

There was also the matter of an increase in the per diem rate for members of the council during its sittings. I understand that this rate has not been changed since the inception of the act, and certainly if the amount mentioned in the act was considered appropriate in 1942 I suppose there should be some adjustment at the present time.

We really have no criticism of the provisions which the minister has outlined so far. When we actually see the amendments we will probably have further remarks to make. There are some things that I should like to know. When we get into the field of training disabled civilians we enter a type of training different from that which would be given to students or to young people, as some of these people quite necessarily will not be young.

This opens up the question, under whose auspices will the training take place? Is it planned to confine this training to the schools or will some of the excellent rehabilitation centres which are operating throughout the country be authorized to carry on the training of older people? It seems to me that these centres would be far better qualified to do that work. Many of these people would have been out of school for some time and I think the set-up in the rehabilitation centre, especially those which I have in mind, would be admirably suited to the training of older people.

I should like to know also whether those who are to be trained in the trades will be trained along apprenticeship lines and whether that will be done in vocational schools or in conjunction with the various trades concerned. These are questions that interest us. As I said before, when the minister brings in the amendments we will have a better idea of what we want to

discuss. At the present time I should like very much to have answers to the questions which I have put along these lines.

Mr. Gillis: Mr. Chairman—

Mr. Gregg: I wonder if I might answer the hon. member's questions.

Mr. Gillis: Why not wait for the bill? Mr. Chairman, I have no objection to the minister answering them, but I do think the questions should be answered when we have the bill before us so that our questions may be relevant. I listened to the minister but of course one cannot get the gist of everything he said with regard to the amendments. While these matters sound all right on paper they certainly do not work out in practice as the paper indicates they should. I have talked a lot over the years about vocational training.

The limiting factors in regard to vocational training in this country are still present. First, if you are going to have a vocational training system in this country you must have schools. That is a first requirement. We have not the schools. We are not going to get the schools under the present financial arrangements among the dominion, provincial and municipal governments. The provincial and federal governments can say, and they have said, that they will contribute their share of the cost, and then it is passed right back to the municipality.

Seventy-five per cent of the municipalities across this country are not in a position to take advantage of that government offer and the result is that we do not have schools. I do not care what regulations you may write, if a community has not the facilities for training they will be valueless. That is No. 1. Some thinking must be done by the provincial and federal governments if we are going to have vocational training, and that thinking must be on the matter of financing the establishment of schools.

I come now to my second point. While the vocational training system did assist a large number of veterans, there were thousands of good soldiers who came back to this country after making the maximum contribution in the war and who were never able to take advantage of the regulations because of academic limitations. I have placed on the record a good many times figures showing the number of soldiers who came out of the last war, who never had a job and who had not got to the eighth grade in school. They went into the service and served four or five years and when they came back to this country they were unable to take up vocational training or get into any kind of school. They went back to the ranks of the unemployed as untrained men. There were thousands in that class. No matter what the regulations are, even though you get schools, this type of person will not be able to take advantage of any kind of vocational training.

The same situation exists in connection with recruiting for the air force, army and navy. We are using very attractive slogans, we are saying to these young men, "Come in and we will give you a trade; make the army your future". There are thousands of sensible, clean-cut boys who are ready to go into the service, but they cannot pass the academic tests. Some of them came to see me in this building, boys of 19 or 20 years of age. When I asked them what about the service or the vocational training system they hung their heads and in many cases admitted that they had not got beyond the sixth grade. They have more brains than most hon. members in this house, including myself, though they have never had a chance to develop them. That is how you get potential gangsters or bank robbers. If the minister or the department or the government are going to take a look at this vocational training problem, then the first two things they must have a look at are the provision of schools across this country and the necessary instruction to enable these young people to take advantage of their opportunities.

If these young men of 19 and 20 years of age, who come from families numbering perhaps 12 to 15 members, have to go out and work instead of going through high school, in order to support other members of the family, then they will be in no position to take advantage of this scheme. Let us try and provide in the curriculum of the schools the academic instruction necessary to enable those young boys to take a vocational training course in diesel engines, electronics, or something else.

If we do not do that we will be wasting thousands upon thousands of potentially good citizens across this country. We gave that type of person a very raw deal in the aftermath of the war. He was good enough to fight but he was not sufficiently trained academically even to take a vocational training course, and he was discriminated against. I have said that many times in this house, and I believe now is the time we should assist them. We have unemployment in this country now. It may continue, though we hope not; but there are thousands of young fellows across this country today and unless we provide them with a means of

getting into a place where they can get some training you are going to have trouble with them, and plenty of trouble.

What is essential now is not a whole lot more regulations, but the provision of schools and the necessary instruction to enable the young people of this country to get into these schools.

I believe it will be necessary to take a look at the present set-up in the services, because at the present time we are keeping out of the services thousands of young people who would perhaps make it their career if they had the necessary academic training. But at the moment they are out in the street.

These are the things I am concerned with. I am concerned about the provision of schools. I am concerned about giving the boy who had to leave school before reaching the eighth or tenth grade a chance to go back for a year and pick up the knowledge of mathematics necessary to get into a trade course. If we do not meet these two requirements, then we shall be defeating the whole intention of the vocational training act.

I am not going to quarrel with any of the regulations or with what the minister had to say, but I do wish to emphasize these two points, because if they are not taken care of we will not be meeting the purpose of this legislation. I am not concerned whether we pass these vocational training regulations or not, because vocational training is designed to take care of the type of people with whom I am not concerned. The boy who gets through high school or obtains a university education is in a good position to wrestle for himself. But it is the thousands and thousands of victims of economic circumstances who do not get through school that vocational training should be designed to look after.

That is the angle I am concerned with, and I will wait until the bill comes before the house before I make any other observations on the matter.

Mr. McIvor: It was my duty to obtain considerable information about what we are doing to assist the completely handicapped, and I was surprised to find the extent to which the Department of Labour, the Department of National Health and Welfare, and the Department of Veterans Affairs co-operate with representatives from the provincial governments. I learned that in our schools we have provided teachers who can be of great assistance to those handicapped persons. The situation may be somewhat different in Cape Breton, but from what I have seen in Fort William I know we have provided in our schools the type of teacher who can look after handicapped people whether they are deaf, dumb, blind or otherwise handicapped. I know that if such persons are fortunate enough to get into these vocational schools they are treated in a very generous manner. The complete co-operation which now exists between the Department of Labour and the Department of Veterans Affairs convinces me that the completely handicapped persons will be well looked after. I am looking forward with keen interest to the enactment of this legislation, for I believe there are the large number of people who are not completely handicapped, such as women who can use their hands on a typewriter, or in other ways, who will be able to benefit under this act when it becomes law.

I know of one young boy who was handicapped but had the use of his hands. He had artistic gifts and considerable initiative. That boy was able to design cards and finally sell them. However, he could not make very much without a printing machine and his father and mother mortgaged their home in order to get a machine. He made more money than anyone else in that community and he finally became a millionaire.

I appreciate the interest of the Minister of Labour in these handicapped people, and whether we have—

Mr. Ferguson: I would like to ask my hon. friend a question. What kind of dollar bills was your friend printing?

Mr. McIvor: It was a machine which would print the cards which he designed.

Mr. Ferguson: If they were acceptable, no wonder he made all that money.

Mr. McIvor: I am simply giving the information for what it is worth. The veterans in our community appreciate very much what has been done for the handicapped, and veterans in this house will know that what has been done is considerable. This assistance is now being extended to civilians, and I am sure that before the minister is through everything necessary will be done in co-operation with the provinces and with other ministers in the government to assist those who are handicapped.

There is one other problem. When a man goes along with only one arm or one leg it is difficult to get industries to employ him. These men or women could do a job if they were given the opportunity. However, I am sure the minister recognizes that as an outstanding problem.

Vocational Training Co-ordination Act

Mr. Ferguson: Mr. Chairman, I noted the remarks of the hon. member for Cape Breton South and he made a statement that gangsters are born from a group of people who it is said are superior to hon. members of the House of Commons. I am delighted to hear that the House of Commons permits people—

Mr. Gillis: I included myself.

Mr. Ferguson: —of inferior ability not to become gangsters. That is certainly beneficial. Gentlemen, you are not going to become gangsters, as my hon. friend has inferred. I am sure you will all be delighted to learn that you are not going to become gangsters, and that no doubt will be of benefit to all.

As regards vocational training, after the war that training was granted to soldiers and they had the privilege of taking a course in vocational training. Some of these men who were granted this privilege simply took it because it was free, and money was allocated to their families or their wives while they were taking their training. Let us be factual about the expenditure made by the federal and provincial governments and the municipalities.

I have a concrete case in my own home town where the man was a bricklayer, and a fairly good one. His son had served overseas in a certain capacity, one which was not very hazardous. When the boy came back home to this country his father sent him down to take a university course at Hamilton, Ontario, where he would get a mortarboard for his head, apparently, as a bricklayer. After graduating he came back to my home town and one of the first acts performed by this gentleman was the casting of a brick through the main window of the veterans association.

Mr. Martin: The hon. member says that person obtained his training in Hamilton?

Mr. Ferguson: Yes; the town of the hon. member for Hamilton East (Mr. Ross).

Mrs. Fairclough: We train them for everything there.

Mr. Ferguson: When he started bricklaying the father said, "Heavens, they have taken away from him all of the real bricklaying that I tried to teach him as a young boy." He is now back in the army where his services and his ability will be recognized.

There is no doubt in the world about it that Canada—never mind about the rest of the world—does not recognize the necessity for the proper guidance of our youth and the benefits to be derived therefrom. We are building institutions for the purpose of housing our criminals, and those who are insane. The primary cause of crime among our youth and of a great deal of insanity is the improper rearing of our youth.

There is not a municipality in Canada that is contributing 4 per cent of its income towards the welfare of the youth in the community. In my own community I endeavoured to have set aside from the taxpayers' funds a certain sum of money which did not amount to 1 per cent and which would be applied to uses for the benefit of the youth of our community. This measure was never passed. But in visiting our jails I had found young men and young women of 15, 16 and 18 years of age who were going to be tried and sentenced for some crime which I, when at their age, might easily have been guilty of if I had not had opportunity to use up the energy I had at that age. If I had been in identically the same position as that in which those people were, I probably would have committed the same crimes.

Canada should set an example to the world. From one end of Canada to the other it should be preached that we need to realize that, in order to economize, we must devise a method by means of which to build up the health of our youth, thereby building up their mentality, and thus eliminating the necessity for expenditures on jails and institutions for the insane. We in Canada could save—and nobody will deny it—hundreds of thousands or millions of dollars if we built up our youth to the stage where they learned to live properly. If we would keep them from temptation and give them the desire to develop the body, thereby developing the mind, we could eliminate the great horror which now confronts us with regard to extensive construction of penal institutions.

Each member of this House of Commons should just simply stop and recollect what is going on in his own community. Hon. members should be conversant with the actual facts concerning young people who are weekly brought into court before the magistrates and charged with offences that we all, being human, could have been charged with at their ages. If you do not play professional hockey or baseball, there is little opportunity for such pastimes. There are few corner lots nowadays on which the minors in our community can use up their energy. The alleyways, poolrooms, main streets and corners are where they become conversant with some place or other in which to commit a crime that is not innately in their make-up. But it is innately in the make-up of a young boy or young girl to use up his

or her energies. We know where they could use up those energies beneficially, namely on the playgrounds surrounding our schools, under capable and competent instructors.

I ask members of parliament to think of their own communities. I am sorry to say—but I am not afraid to do so—that their communities are similar to those in my own constituency where almost the last thing they think about is expenditure for the development of our youth in order to keep those people in the future free of our penal institutions which are today imposing a terrific burden of taxation on the taxpayers of Canada, a situation brought about primarily and principally through neglect of our youth.

The federal government should waste no time in getting together with the provincial governments and with the municipal authorities, in coming down to earth as men and saying, "Just how can this condition be remedied? Just what can the municipalities afford?" These municipalities must bear in mind the fact that they have a terrific obligation towards those who will be the future taxpayers of Canada, namely the youth of their municipalities. Let not the municipalities slip out from under their burden. Let not the provincial governments fail to do their share. But as a unit composed of men with hearts and having consideration, appreciation and vision, let the federal authorities, the provincial authorities and the municipal authorities set about attaining one decisive and conclusive objective, namely the building up of our youth. Let them spend some money on the youth of Canada, thereby keeping them out of the penal institutions which are costing this country untold millions of dollars at present, and the amount is increasing annually.

I make this plea in the House of Commons today and I hope it is carried across Canada. I say that we have all neglected our duty to the future generations of Canada. Build up our boys and girls physically and they will become the people we want them to be mentally. They will become citizens we are proud of. They will be capable of entering our educational institutions and of absorbing the instruction we are paying for. Eliminate the unnecessary frivolities in our schools. Teach them to read, to write and to know the geography, the history and the traditions of the country which we all love. Then, when these children grow up and reach the point where they face the future, without the guidance of a father and mother, they will be at least partially capable of meeting the situation which confronts them. They will be capable of self-preservation. The thought will be in the back of their minds that they come from a great country that has done them a service they justly deserve.

Mr. Gregg: I wonder if the next speaker would mind if I just said a word in reply to the hon. member for Simcoe North. I will agree with him immediately that we, as older people, have not done our complete duty to our young people. I will agree that the federal and provincial governments, as well as the municipal governments, have not done all they should. But I do deny most emphatically the age-old inference one might take from his remarks that the young people of our day are going to the dogs. They are not going to the dogs. I contend, and I know there are many members in this house on both sides who will agree with me, that the young people today have better health, better training and a more serious outlook on their responsibilities than the young people had when my hon. friend and I were boys.

I shall come to the other point. I should like to challenge in a friendly fashion the statement he made at the outset of his remarks. He cited the example of a veteran of the second world war who had the advantage of the university training program, and from that individual case—we can always pick them out in any category—he drew general conclusions.

Mr. Ferguson: No, I did not. You drew them.

Mr. Gregg: Put it this way. He gave every member of this house the feeling that he meant general conclusions should be drawn from the example of that individual bricklayer whose training apparently had not worked out in the way it was intended. I am sure we have all seen in our own constituencies—I know the hon. member for Vancouver-Quadra has seen it—the magnificent way in which the vocational training program has worked out with respect to our ex-service men and women of world war II. I saw it first when I was minister of the veterans affairs department, and I have seen it since coming to the Department of Labour. I feel the hon. member for Simcoe North is not justified in taking the somewhat pessimistic attitude he has taken this afternoon. I am sure that upon further thought and upon investigating what has happened in the field of training young people in his own riding, he will have cause to amend the thoughts he expressed today.

Mr. Ferguson: In reply to the minister—

The Deputy Chairman: Order. The hon. member for Simcoe North will have an opportunity to speak later. I had seen the hon. member for Saskatoon first.

Mr. Knight: I have been interested, Mr. Chairman, in this little debate, heated at times, between the Minister of Labour and the hon. member for Simcoe North.

Mr. Ferguson: Not the least bit heated.

Mr. Knight: I feel there is something in what both of them said. I certainly agree with the minister that youth is not going to the dogs.

Mr. Ferguson: Nobody mentioned the dogs, so far as I know.

Mr. Knight: Give me a moment; I am coming to the justification of your point. I think also that perhaps the member for Simcoe North is justified in saying that we have some responsibility in seeing that our youth do not go to the dogs.

Mr. Ferguson: Hear, hear; that was my view.

Mr. Knight: I believe that if there is a vocational training scheme or any other way in which the government, in conjunction with the provinces, can give this or any other kind of education, that is all to the good in the accomplishment of the hon. member's objective, namely that youth shall not go to the dogs.

Personally, as one who has had a good deal of experience with young people from time to time, I have the greatest respect for the good sense, collectively, of the young people today. One cannot say very much about the bill that is preceded by this particular resolution since we have not seen it. I can merely say that I welcome it. It seems to cover a fairly broad field. I see my hon. friend the Minister of National Health and Welfare in his seat, and I suppose he is expecting I shall go into a speech about the necessity of federal aid to education. I warn him I shall make no such appeal.

Mr. Martin: I was just exchanging an affectionate greeting with the hon. member for Simcoe North.

Mr. Knight: I was saying that this resolution certainly covers a very wide field, and I believe it could be termed a measure of federal aid towards education. It covers such things as grants for university students, and I certainly have been advocating that for a long time. I am interested also in seeing that it does cover some aid to student nurses. Whether this is a move to promote education or whether it is merely a move to promote training, may I point out to my hon. friend that, in my opinion, the two things go hand in hand, although they might appear to be altogether different. I think they should go hand in hand. I am sure there will be a good deal of academic work mixed up with this particular scheme for vocational training. I do not imagine any of the provinces will raise any objection under section 92 of the British North America Act to accepting money for this particular purpose.

I know that it might be argued that this is not education as such, within the ordinary definition of the term. It certainly could not be called academic education, but as I say I imagine there will be a good deal of necessary academic education in connection with this vocational training program. I should like to say a word in support of what the hon. member for Cape Breton South has said about the need for good equipment, particularly the need of trade schools. In view of the fact that we are becoming increasingly an industrial nation, we must encourage the trade schools and the teaching of trades to young people. There are a great many young people who are not suited perhaps for more academic education. There are a great many young people, and it is their own business, who are not interested in it but who are definitely interested in doing something with their hands. They form an extremely important part of this country because we are becoming more and more an industrial nation. I believe that if we are to hold our place in the industrial world today we shall have to give more attention to trade schools.

We have not the schools, as my colleague pointed out. Perhaps we have the teachers, but I would suggest to the minister that even the teacher of vocational work needs some training in teaching itself. One might say, why do not a great many of our students go on to higher academic training rather than into the trades? I have given one or two of the reasons relating to the matter of taste. Another reason is that a great many people today cannot afford a high school education. Oh, you say, but we have free high school education in the provinces, have we not? That, sir, is one of the greatest fallacies that one could state in regard to education. I have no statistics with me because I did not know the debate on this resolution would take this turn, but if one examines the figures showing the number of people who take high school education in this country, and if one considers the class standing—I am speaking now in a financial way—enjoyed by parents, one gets a considerable shock.

We find that when we come to the children of people in the higher professional classes the figure is somewhat over 80 per cent—I think it is 88 per cent—who enjoy the benefits of higher education. But the scale goes gradually down. When we come to the skilled labour group we get a much smaller proportion whose children get high school education. Then when we get down to unskilled labour the percentage goes down very far indeed.

I should like to say a word about nurses, particularly student nurses. I have no authority to speak on the question, but, by strange coincidence, my first interference, if one might call it that, or my first participation in public life, was a battle on behalf of student nurses who, in my opinion, were having a pretty raw deal, back in the time of the thirties. Of course, they were not the only people who had a bad time in those days. We do know however that they had to work very hard. A good deal of it was rough work of the kind which I should think nurses ought not to do regularly. Their accommodation was very poor, and their pay amounted to nothing at all.

It can be argued of course that the nurse is receiving a valuable training which, outside a hospital, would cost a tremendous amount of money. Even in those days however they did not receive even sufficient for pocket money, and I hope they will be treated differently from now on. They play an essential and most valuable part in our community. With the growing feeling of responsibility by governments and organizations in health matters and schemes, I do hope nurses will be given a better deal in the matter of their training.

While I am on my feet I should like to make what I believe is an interesting point. I am surrounded by doctors in the house, and undoubtedly they know more about this than I do. I have always felt however that perhaps three years is too long a period for the training of a nurse. I have never been able to rid myself of the idea that somehow or other the third year of training was, if I may put it this way, a bonus for the institution training them. In other words, after the first two years, I think a nurse is a pretty competent person, and that she should be compensated to some considerable extent for the third year of her training. Either that or she should be given her certificate at the end of her second year and allowed to practise her profession.

I have no doubt there are arguments against this contention. I remember one doctor, a friend of mine, who kept insisting that nurses were taught many things they did not need to know, things that came within the functions of a doctor, and which a nurse certainly would not be expected to perform if there was a doctor within forty or fifty miles. In his view the only justification for certain types of training would be in respect of nurses who might hold positions away up in the north country or at points where no medical help was available, and where the nurse might have to do her best under those conditions.

I asked what he would substitute. He said that if the authorities insisted upon keeping her around the hospital for an extra year she should be given lots of training in public relations and the use of good English. Perhaps he was right in that respect.

I believe I am straying farther afield than I had intended when I began speaking. Let me repeat that I welcome this bill, as I always welcome any expenditure of money for purposes which could be termed educational. I believe vocational training is a particularly valuable part of education as such, and of course has tremendous value on its own account.

Mr. Ferguson: Mr. Chairman, I regret exceedingly that the minister has considered what I said as an indication that I believe the youth of Canada have gone to the dogs. There was no mention whatever in my speech about dogs. I did try to imply that I did not believe in unnecessary frills in education, and I indicated that in some cases there has been a waste of the taxpayers' money. I did try to impress upon the House of Commons the fact that the federal government in Canada should do something for the youth of Canada—that something should be done federally, provincially and municipally. At no time did I say that our youth were going to the dogs.

I did say however that our penal institutions and institutions for the insane are bulging today because in the past we have neglected the youth of this country. I pleaded with the government, through the Minister of Labour and his colleagues in the cabinet, to work in conjunction with provincial and municipal governments so that a program could be carried out harmoniously for the benefit of the youth of this country. There was no idea in the back of my mind, nor did I express any such idea, that the youth of Canada were associated with pups or dogs.

My plea was that the government should realize the situation and, through our schools and other institutions of learning, develop our youth physically and mentally, so that they may be capable of avoiding the pitfalls that confront all of us as we go along the thorny and difficult path of life. That was my plea.

And I am very sorry that the Minister of Labour misconstrued it, and chose to say nothing about his view concerning development through action by the federal, provincial and municipal governments. I believe something worth while could be done in this way to help our youth develop themselves mentally and physically so as to avoid the rocky shores of penal institutions, and institutions for the weak-minded which, unless they are given help, some are bound to enter.

This is my plea. I am sorry the Minister of Labour has miscontrued it, and has said that I have expressed the view that the youth of Canada were going to the dogs. I say the youth of Canada will go to the dogs unless something is done with some degree of expedition and efficiency, and at considerably more cost than all three branches of government are spending today on this most valuable asset, the youth of our country.

Mr. Gregg: If I misconstrued my hon. friend's remarks, Mr. Chairman, I am very sorry.

Mr. Martin: Mr. Chairman, as my department is interested in this matter I thought perhaps I should say a word or two in the debate on the resolution. First of all, may I say to the hon. member for Simcoe North that he misunderstood the intervention by the Minister of Labour. All hon. members know that the hon. member for Simcoe North has a keen interest in the youth of this country. Indeed, he has given an exhibition of it in his own personal life. And while I do not suppose this is the place for me to particularize, I merely make mention of that because it is generally known. And I am sure he would be the first to admit that perhaps there are few men in our country who, by their character and integrity, have given a better demonstration of their interest in the young people of our country than has the Minister of Labour. He is one of the most gallant gentlemen of this house.

I should say that this subject is one that is not new to this parliament. At the end of the first war the government of the day took an interest in the matter of technical education, and special grants in aid were provided by the central government to the provincial governments to assist in the kind of work contemplated by the resolution introduced by the Minister of Labour today.

The hon. member for Cape Breton South, while he acknowledged the value of the kind of thing that is contemplated by the resolution, made a strong plea to provide for many other individuals who did not have the basic foundation which permits them to enter the vocational schools. He came over and talked to me about it while the Minister of Labour was speaking. I am sure the Minister of Labour is aware of the importance of this matter, but as I said to the hon. member for Cape Breton South, in replying to him privately, obviously there has to be a certain foundation if a student is going to take advantage even of vocational training, and it may be that the provincial governments, under whose jurisdiction this kind of thing comes, will be able to provide the foundation training which includes that which the hon. member for Cape Breton South said was lacking.

The hon. member for Simcoe North also spoke of his disappointment that the Minister of Labour had not indicated at the beginning of his remarks his desire to co-operate with the provinces and with other bodies in the country in trying to make this effort really a great one. It is a good thing that from time to time in the House of Commons all parties should be able to forget their differences, as on the whole we are doing today, and direct our attention to a really important problem that has to do with a vital section of the younger generation of our country. But the Minister of Labour has given evidence of his conviction as to the desire and the necessity of co-operating with provincial governments in this matter.

Two years ago he convened, along with the Minister of Veterans Affairs and myself as Minister of National Health and Welfare, a conference that was held in Toronto with all of the provincial governments and with those groups in the nation interested in rehabilitation, vocational guidance and vocational training. That conference was one of the historic occasions of its kind in this country, and to the Minister of Labour, along with the provincial governments who were generous in their co-operation, must go the credit for the leadership that was given on that occasion and for the work that has been done since. Out of that meeting came a national advisory committee that is truly representative of the federal, provincial and voluntary bodies of this country interested in providing rehabilitation and vocational training for the people of our country. It is well that we should take this occasion to emphasize this work.

The relation to this resolution of the work of the Department of National Health and Welfare is this. The emphasis now on rehabilitation is one of the great steps and advances in medical science. No longer are we taking for granted that crippled people or people mentally ill or suffering from other

kinds of illnesses should regard themselves as incapable of playing their full part in the development of their own careers or of making the contribution that they would normally want to make to the nation.

I remember that not very long ago, shortly before I became Minister of National Health and Welfare, people who for instance were suffering from cerebral palsy were looked upon as unfortunate individuals who must no longer expect to live as normal human beings. That is not so in this country today. It is generally recognized that while the sufferer from cerebral palsy may not be able to become completely free of that terrible and unfortunate handicap, yet it is no longer necessary to regard the victim of that disease as incapable of playing any useful part in the life of the community.

I invite hon. members to go to the cerebral palsy centre in Ottawa. That centre is made possible out of grants provided by the service clubs and by the federal government under the national health program. There they will see the work of rehabilitation that is going on. It is one of the most satisfying experiences a man can have. I invite hon. members to go there and see the way in which some of the money provided by the taxpayers to the government is being expended for that particular group alone.

These people who are being given this training in the cerebral palsy centre, for instance, fall in with the kind of work that the Minister of Labour has in mind after they receive the basic training at the hands of a doctor and a nurse and are rendered more fit to look after themselves or to carry on their daily lives in a more normal way.

One could mention the work of the paraplegic association, in the aftermath of world war II. One of the most amazing achievements, surely, in our time is the work of the paraplegic association. I mention here the work of John Counsell, the head of that body, one of the great men of our country, a lad from Hamilton who lost the use of his limbs at Dieppe during the war, and who has taken a very active part in the paraplegic association. The work of that agency has resulted not only in the rehabilitation of veterans, but in the use of the same facilities for the rehabilitation of civilians. That work is likewise being assisted under the national health program, and the individuals who receive the benefits of the medical training and treatment as the result of these grants then become fit subjects for the training provided for under the vocational training program now being sponsored by the Minister of Labour.

One could go on and mention all kinds of things that are now being done in the realm of rehabilitation prior to many of those individuals being able to take advantage of vocational training provided for by the federal and provincial governments. There is the rehabilitation that is going on in our tuberculosis sanatoria, in our mental health institutions and so forth. There you will find individuals who formerly were looked after by the community in terms of medical and hospital attention, but who after that were completely forgotten. Many of them were young people. That is not so now. I am sure that we shall strongly support the principle behind this resolution, recognizing at the same time that the government was wise in adding to the national health program last year additional grants to provide, in a co-operative way with the provinces, for the important program of rehabilitation which must be regarded as going hand in hand with vocational training.

Mr. Fairey: Mr. Chairman, I now am conscious of the penalty of sitting away back in the corner of the house because I have been trying to catch your eye for a long time. I am bold enough to say that some of the questions that are being asked might not have been asked if I had had a chance to speak first. I say that because I have been associated with the program of vocational training in the province of British Columbia, and in the whole of the Dominion of Canada, for the last 17 years, and have been actively associated with this particular program.

It was one of my hopes that I would be permitted to trace the origin of this program from its very early days down to the present day, because I think this program demonstrates the great opportunity which has been embraced by this government and the provincial governments to co-operate with one another. I think under this system of vocational training which we have now—not perfect, it is true—we have demonstrated the ability to work together and to co-operate province with province and provinces with the federal government better than under any other measure we have been able to suggest, except perhaps the program under the Department of National Health and Welfare.

The act which we are proposing to amend is one of the shorter acts on our statute books and I have no doubt that the amending bill will be short and contain only a few clauses. I rather suspect that because of its brevity it may be considered as of not too great importance. To my mind it is one of the most forward-looking pieces of legislation we shall have before us this session.

May I take a few minutes to trace the origin of the vocational training program in Canada. Because of its modest beginnings and eventual importance it demonstrates the wisdom of starting with something very simple and being sure where you are going and building step by step to something worth while. It is a program that demands the partnership of the provinces as between themselves and the provinces with the federal government. The success of the many projects which have been operating under this program is, I think, testimony not only to the wisdom of those responsible for its early days but to the fact that ways can be found to solve any problem when the pressure of outside events brings together people of common aims and good will.

Because I am sure, more sure today than ever before, that some hon. members are only vaguely aware of the provisions of the vocational training act and what has been done under it, I propose, at the risk of being somewhat garrulous, to trace the growth of the operations under the present act from their early beginnings until the present day. I hope in doing so to show that in the field of vocational training, as in many other fields, the policy of the government has been one of wise caution but firm decision once the right road ahead was clear.

Federal participation in education has always been a subject to be approached with great caution, but here we have a form of federal aid to education, as one hon. member has mentioned already. It is an example of the sensible approach. We find that it has resulted in the operation of many successful undertakings. Vocational training began during the depression years at the time when this government had funds allotted for what we called unemployment relief.

Much has been said about the hungry thirties, but it was during those days that methods were adopted to alleviate, in some small measure at any rate, the plight of young men and women who were without employment. Those of us who are old enough will remember that there were thousands of the youth of this country who had left school, who had no jobs, who had no opportunity for training, and who were just walking the streets. It was in those days, as part of the relief procedures, that the provinces and the dominion government—I am sorry if I inadvertently use the word "dominion" but we like it in British Columbia anyway; I may lapse into its use once in a while—at any rate the federal government made money available in co-operation with the provinces for some kind of training which would fit the young people of those days for jobs which they hoped would eventuate sometime in the future.

Therefore classes were started, not only in the cities but in the rural areas, for young men and women between the ages of 16 and 25 years, I believe it was, which age limit was later extended to 30 years. Those young people received training in those classes and eventually found work. The employment services of Canada, together with many of the officials who were engaged on the program, co-operated in their placement. Because of their efforts we were able to alleviate to some degree the fear that we were training people for jobs that did not exist. That certainly was true for a time. Nevertheless as the program developed the worth of it became known, places were found and a great deal of good was done.

In those days we saw the beginnings of federal participation in physical health. We have an organization in British Columbia known as the PRO-REC, and it was in the days of the hungry thirties that the program of physical fitness had its beginning. I do not think I mentioned that, during those days, costs were shared on a 50-50 basis.

Because of the success—mind you, I am speaking now of 1938—of this program, this parliament decided to pass the Youth Training Act of 1939 under which the federal government authorized the continuation of those classes and the extension of the program. I am going to keep my remarks as short as I can, but I do want to say that under the Youth Training Act we were able to continue the program which had been established and to provide for other things as the need arose.

It is true that at that time war loomed its ugly head. Because we had these classes established in the provincial technical and vocational schools, as well as in rented quarters; because we had trained staffs of instructors it was possible with that foundation to build what eventually became known as the war emergency training program. We were able to carry on that program under the Youth Training Act with such amendments as were necessary under the War Measures Act. Mr. Chairman, I have sketched somewhat briefly the beginnings of what we are talking about today.

It is not my intention to bolster my story with statistics, as these can be found in the many reports of the Department of Labour dealing with vocational training, particularly in the *Labour Gazette*, which, as hon. members know, is published monthly. However, it may be interesting to know that from

April, 1940, to the end of 1944, upwards of 360,000 men and women were trained for the navy, army, air force and war industry at a total cost to the federal government of $21 million. The growth from those modest beginnings which I have attempted to show continued, and in 1942 the act we are now proposing to amend, the Vocational Training Co-ordination Act, was passed.

May I go back just for a moment to say that because we had started in such a modest way and were gradually extending over a wide field, the federal authorities thought it wise to call together those in charge of the program to Ottawa at least twice a year for consultation. It was out of that kind of unofficial advisory body that authority was given to form the advisory council which now exists under the Vocational Training Co-ordination Act.

In 1942, therefore, because of the changing nature of the work, it was thought wise to introduce the act known as the Vocational Training Co-ordination Act. It was thought desirable to co-ordinate the various activities then being carried on, to provide for the continuance of those which were desirable and to drop those no longer necessary.

I am sorry the hon. member for Cape Breton South is not at present in his seat, because I wanted to congratulate him for putting his finger, with his usual foresight, on the two great needs. Provincial departments of education, speaking on behalf of their governments, have always maintained that the federal government encouraged the provinces to build technical schools, as they did under the vocational education act of 1931, and after these schools had been built, with federal assistance, the provinces were left to carry on their operation. I believe we all know that vocational or technical schools, because of equipment requirements, usually have much smaller classes but higher paid staffs. At any rate, they are more expensive schools to operate, yet no money was allocated from federal funds to assist in the operation of these schools once they were built.

However, that was remedied by the passing of the Vocational Training Co-ordination Act, because under that act provision was made, not only for funds for capital expenditure, but also funds on an annual basis to assist in the operation of these schools. Perhaps the hon. member for Cape Breton South is not aware of that provision under the present act. The vocational training act provides for both these needs, modestly it is true, but the door is ajar; and there are those of us still around who are ready to give it a vigorous shove in order to push it wide open, if we get the chance.

By the end of the war there were a number of separate agreements between the federal authorities and the various provinces, and these covered a variety of activities by various definite schedules, providing for every class and age group of citizens. The vocational schools assistance agreement, to which the minister already referred, provided for capital and operational grants for a period, I believe, of ten years, The youth training agreement, already mentioned, was for unemployed youths who had never been employed and who were in that age group which needed some form of training in order to assist them to secure employment. Under the urban and rural occupational training, provision was made for those who had been employed, were out of a job, and who required training, or retraining, to fit them for a different type of job. Then we had training for war industries and for the armed services and the great rehabilitation program for veterans of the second world war, all of which were carried out under the same authority in co-operation with and at the request of the Department of Veterans Affairs. There was another great program, Mr. Chairman, on which I could talk for hours. We called it pre-university training for veterans of the second world war. An hon. member opposite mentioned the fact that sometimes the veteran who had come back had less academic training than he could have had because, due to the war, he was prevented from going on with further education. That was certainly true with many of the veterans who, had there not been a war, probably would have gone to university.

The officials of the Department of Veterans Affairs, for whom I have the greatest admiration because of what they did for the veterans of the last war, recognized that situation. They recognized that there were many men and women who had enlisted in the services who would have gone to university but who unfortunately were not properly prepared for it. Because of that fact, schools were established all over the country for the purpose of providing pre-university training; and I am sure you would be amazed, Mr. Chairman, to learn the number of people we were able to bring up to university entrance standards, young men and women with no previous education beyond grade 10. Further than that, they did better work in the university than students from the regular schools. That was probably because we

gave them excellent training, and because they were mature and interested in their work. It was an excellent program.

There was also the apprentice training program and the student aid program. I have often heard the question asked in this house and outside as to why we do not provide for students who should go to university but who cannot afford to do so. We do provide that opportunity, and have been doing so since 1939.

Before I develop that, permit me to recite all these activities to show how comprehensive the program has become. When brought together these programs provide this pattern. There was federal aid for education at the secondary school level and capital expenditure for the operation of schools run by provincial authorities. There were classes for youngsters who had left school but who had no previous training at all. There were classes for those who had been employed but were out of work and wanted to change their jobs. There were classes for veterans and for older people, and correspondence classes for those in remote areas. The council, which has already been referred to, considered all these things and made recommendations. We therefore had a comprehensive program brought together under the Vocational Training Co-ordination Act, paid for in most cases on a 50-50 basis with the provinces, except for those portions which dealt with war services or training for members of the armed forces.

May I say for the benefit of the hon. member for Simcoe North that we did have classes for young veterans who lacked academic training, which provided training similar to the type we gave at the end of the war to veterans who wished to go to university and which I described previously as pre-university training. There are classes operating today for young soldiers who lack the required academic standards.

Federal expenditures covering all these programs since their inception in 1939—and I took the trouble to check this figure—amount at the present time to a little short of $90 million.

Reverting to the student aid program which is carried on in co-operation with the provinces. I might point out that this has been in operation since 1939. If I quote figures from my own province of British Columbia it is only because I happen to know them better than the figures relating to other provinces, though I do know that these other provinces have similar programs. From a very modest beginning in 1939, when the province and the federal authorities each contributed $2,550 or a total of $5,100, the scheme has grown until today, and for some years past, each government has made available $30,000 per year. To that amount the local government in British Columbia adds another $50,000 for loans, so that we have a total of a little more than $110,000 available every year to assist needy students of intellectual capacity to go to university.

It is interesting, Mr. Chairman, and very heartening to learn that in the province of British Columbia alone, regardless of the others, 5,765 young men and women have been assisted in obtaining further education. At the present moment there are 627 young British Columbians attending university because of assistance provided under this fund. I do not know the figures for the present year for the whole country but for last year, the academic year 1952-53, there were 4,663 students attending the universities of Canada under this fund, and of those some 1,093 were women.

All the activities which I have described were sponsored and directed by the training branch of the Department of Labour, and have been recommended to the ministry by an advisory council. I know it is understood that, because of changing conditions, modifications in the composition of the council itself are required. I should like to discuss that matter for a moment. This advisory council grew out of a need. In the early days we had this unofficial council—it was not really unofficial, but it was gathered together without any statutory provision—to discuss these matters. We met with the director of training. I am sorry, Mr. Chairman, that I keep slipping in a "we" once in a while, but I happened to be one of them. It was necessary then for us to meet to advise the minister on those matters which we thought wise, to recommend that the scheme be enlarged, and to assess the need for additional programs.

I do not know whether it is permissible in this chamber to pay tribute to an official by name, but I should like to place on record the admiration of all who knew him for the late Mr. R. F. Thompson, who was director of training in the Department of Labour. It was he who sparked the program and directed it from its early days until he died, quite recently. It was because of his industry and his ability to secure the co-operation of all manner of people throughout this country that we have such a measure on the statute books today.

On this council I have mentioned it was originally intended to have representatives in equal number of labour and industry. We have had representatives of labour, industry, womens' organizations, agriculture, veterans

organizations and education. Not all provinces were officially represented. As a matter of fact, there were only three representatives of education.

I do not know the details of the amending bill, but the resolution we are discussing leads me to suppose that the purpose of increasing the number of the council is so that a representative of all ten provinces may find a place on it. The present bill provides for a chairman and 16 members. I know the resolution calls for an increase in the number, and I think that is why. Where the provinces are co-operating, as they are, willingly and anxiously, I think it is only right that they should have an official place on the council, and I believe that is what the minister has in mind.

There is one last subject that I wish to mention. I notice that the Minister of National Health and Welfare spoke very feelingly, as he always does, about this question of rehabilitation of the physically handicapped. It is one of the newer programs that have been operating under this act. It has to do with the training or retraining of those suffering physical handicaps. Much was learned over all these years from what has been done by the Department of Veterans Affairs, from the programs carried out in several of the provinces under the various workmen's compensation acts, and from the program we had ourselves, because we trained handicapped persons too. Those successful experiences have encouraged everybody connected with this program to the point of enthusiasm, I might say, as to the possibility of doing a great and noble work.

The Minister of National Health and Welfare has announced a measure for the relief of those totally disabled. I am hopeful that this amending bill will contain provision for adequate funds and means for an all-out attack on a problem which must touch the emotions of all hon. members as well as commend itself to us all as a sound economic measure.

When I spoke on the address in reply to the speech from the throne I mentioned this subject and pointed out that men and women suffering a physical handicap can and should be trained for occupations they are capable of performing. There is a tremendous waste of talent when we allow such persons to swell the ranks of the unemployed. The last thing they want is sympathy, although that we must give in full measure. The best kind of sympathy is the opportunity to become self-supporting and self-respecting. This can be done. It has been done and it is now being done. What is needed now is authority to make it a major undertaking.

I am convinced, Mr. Chairman, that hon. members realize that it is not only the right thing but the wise thing to do. This act will make it possible to engage the resourcefulness of those now interested in the medical and physical rehabilitation of those who suffer a handicap from whatever cause. Mention was made of voluntary agencies. I think it was the hon. member for Hamilton West who asked whether the training would be done in schools or in industry or through the various agencies. The minister mentioned the paraplegic association, the cerebral palsy association, and so on. It is the intention—in fact it is being done now—to co-ordinate the efforts of those agencies and give the training wherever it can best be done.

I conclude by saying that throughout this country there are numerous organizations actively concerned with this problem I have just mentioned. They are all anxious to get going once we have a co-ordinator. They want the activities in these matters brought together. They want somebody to head it; they are going to get it under this act. They are seized with enthusiasm about what can be done. They await only some central authority to co-ordinate their services in a common effort. The provinces are willing. This measure, which authorizes the federal government and particularly the Department of Labour to be that co-ordinating agency, is one which, I suggest, will commend itself to all hon. members.

Mr. Knowles: Mr. Chairman, as my colleagues the hon. member for Cape Breton South and the hon. member for Saskatoon have already pointed out, we welcome the introduction of this resolution. I imagine it would be fair to say that ministers generally, when they introduce matters which they must pilot through the house, like to get them through as rapidly as possible; but this afternoon I believe the Minister of Labour is really quite pleased that a fair amount of time is being spent on this important piece of legislation.

We all listened with considerable interest to the highly informative speech which has just been made by the hon. member for Victoria (B.C.) who in his former capacity as deputy minister of education in one of our provinces had considerable to do with technical education. In passing may I say that we in the province of Manitoba appreciate the assistance that has come our way under this program. We are particularly pleased with and proud of our technical vocational school in the city of Winnipeg.

As my colleague the hon. member for Saskatoon has pointed out, we are interested in all possible education for the young people of this country, and we are indeed pleased to see this form of federal assistance to education. No one suggests that it interferes in any way with the complete jurisdiction over education which is accorded to the provinces by section 92 of the British North America Act. Rather the financial assistance provided in this way is for the benefit of the country as a whole. We hope to see that principle extended to still other areas of education.

However, Mr. Chairman, since my colleagues and the members of other parties have spoken on those aspects of the matter I shall not take further time on them. Rather I wanted to say a few words concerning the aspect of this legislation which was touched upon by the Minister of National Health and Welfare, who referred to the fact that the resolution states that the measure to be introduced will include authority to enter into agreements with the provinces to grant assistance for the rehabilitation training of disabled persons.

I am sure we all share the sentiments expressed by the minister this afternoon when he pointed out that society has progressed to the point, and medical science has served us to the point, where disabled people no longer have to be regarded as useless to society or to themselves. There still are people who suffer very great misfortunes and disabilities, but the number of people who can lead happy and useful lives, despite physical disabilities of one kind and another, is steadily increasing due in part to the progress of medical science and in part to the attitude of society in accepting the responsibility to provide funds to help such people.

Now, Mr. Chairman, the main point I want to make in connection with this is my very strong feeling that there must be the closest co-operation between the Minister of Labour and the Minister of National Health and Welfare in connection with the rehabilitation program and pensions to disabled persons. I know the immediate answer of those two ministers will be that they co-operate all the time. What I am asking for now is something more than just co-operation in the sense that they get together personally. I feel that these two pieces of legislation, the one before us now in the name of the Minister of Labour and the one the Minister of National Health and Welfare will be bringing in shortly, must be dovetailed together. From what we have before us now and from the sketchy information we have about the other legislation, my fear is that our disabled people are going to be put into one category or the other. There are going to be those for whom rehabilitation training will be useful and they will get that, whereas others will be regarded as totally disabled and they will get the disability pension provided they meet the means test.

As I say, the information we have had with respect to the legislation that is yet to come is sketchy, but it has been suggested that the pensions to be provided under that legislation will be only for those who are totally and permanently disabled. I do not think it should be that way. I feel the very fact that the Minister of Labour is now introducing a provision for a rehabilitation program calls for dealing with these two matters together. In my view there are people who are capable of taking a certain amount of rehabilitation training which means that they are not permanently disabled; but in order to take that training and get a start, they will need some financial assistance. On the other hand the fact that they are not permanently disabled may bar them from getting the pension. I hope that the hard and fast line which I see looming up will not be drawn, but that there will be a common sense and a humanitarian approach to this whole problem.

It is a great venture upon which we are launching, in that we are proposing to spend public money to try and do something worthwhile for disabled persons. This is a good move. Let us not scuttle the program by this hard and fast line I fear may be drawn. Let us admit that there will be some people for whom the only thing we can do is provide pensions. If that is the case, let us do that and let us make these pensions decent and adequate. There will be other persons who do not need pensions at the moment, but who do need rehabilitation training. Let us see that they get the kind of rehabilitation training that will be useful to them. Let us not forget that there will be a third group who are neither wholly in one category nor wholly in the other. I hope these people will not be shifted from one category to the other, and end up getting nothing at all. They need rehabilitation training, and financial assistance while they are taking that training.

As I say, I plead not only for close co-operation between the two ministers concerned, but co-operation between them and the Minister of Veterans Affairs as well. I plead for the legislation to be dovetailed together in such a way that it will provide the utmost benefit to our disabled persons, who need and deserve everything we can do for them.

Mr. Shaw: When one agrees with a measure it seems hardly necessary for him to indulge in extended debate in order to indicate his

position. All those sitting with me agree wholeheartedly with the purpose of this resolution. We have spoken before when measures designed to amend the act have been before us.

It is noted in the resolution that it is deemed advisable to amend the Vocational Training Co-ordination Act to meet the requirements, first of defence, and second, other purposes. We feel, of course, that at a time like this, when defence is so essential, it is most important that we extend the act in such a way as to fully utilize the services of the largest possible number of Canadians.

However, if there were no need for defence we would still say that an act of this kind would be wholly necessary, and that every effort should be made by the federal government, working in co-operation with the provincial governments, to expand the program in its application to disabled persons. I agree that a step forward was taken when it was proposed that pensions would be paid to certain of our disabled people. I also agree fully with those who have asserted that there is something just as important, probably even more important, and that is providing training for those who are capable of being trained even though they are disabled. I have talked with a number of these people. They ask not for charity, although they realize there are certain of their numbers who are totally disabled or cannot be trained. At the same time they have stressed the fact that the disabled who can take advantage of the training want the training.

We certainly support the measure, particularly as it relates to the training of disabled persons. There were a number of things which I intended to say concerning the Vocational Training Co-ordination Act, but I have thought it over and I believe it would be more appropriate for me to say those things when we are dealing with the estimates relating to vocational training. I simply say to the minister that we support the resolution. We feel that it will perform a most useful function for our Canadian people and for Canada.

Mr. Dinsdale: I believe, Mr. Chairman, that the need for broader facilities for vocational training in Canada is one of the great educational needs of our time. We have been passing through a technological revolution which has resulted in a great demand for trained technicians to man the machines of our mechanized civilization. Notwithstanding that fact, our high schools still continue to stress the straight academic program and preparation for the professions rather than preparation for the technical pursuits that are so necessary today.

As I have listened to the discussion thus far I have come to the conclusion that the Vocational Training Co-ordination Act recognizes this need. I am glad I did not speak before the hon. member for Victoria, British Columbia, because I feel he has made an excellent and most enlightening contribution to the debate. I was keenly interested in the survey he made of the history of this particular legislation.

Notwithstanding the fact that there have been measures promoting vocational training in Canada now for a considerable number of years, and that this act has been in effect since 1942, as I have already intimated there is still a great need for the expansion of vocational training facilities. I believe the major drawback in meeting this need for vocational training arises from the bugbear of all education today, the financial problem.

As I look at the act it seems to me that the carrying out of its various measures must depend upon provincial initiative. Unfortunately, as all hon. members are aware, our provinces are already burdened with education costs. Therefore they are reluctant to take any action that would increase in any way their financial obligations in the matter of education. So in the final analysis the responsibility for action falls back upon the municipalities.

During the resolution stage of the discussion, for my own information, I would like to ask the minister one or two questions concerning which he might be able to enlighten me. Would there be financial assistance for agricultural schools which operate mainly for rural young people who have not had the advantage of formal high school education? I give as an example an agricultural school that provides training in the basic skills required for farming, a general practical course in farming operations for farm boys, and for the farm girls a basic training in home economics or the skills required for home-making. It seems to me that schedule "O" might provide for financial assistance to a program of this kind, and I was wondering if that interpretation would be correct.

Another query that comes to mind is this. Is financial assistance under this act possible for a large school area program, which endeavours to meet the demand for a broadened curriculum, and also the necessity for providing adequate facilities to meet the new

demands in educational circles today? The large school area program has not been too successful to date in my own province. As a matter of fact we have established only one area, chiefly because the various communities are suspicious that a broadening of educational facilities in this way would entail large increases in the costs of education. I would hope that a program of this kind, where there is an attempt to introduce training in technical skills, in farm skills and in commercial lines, as well as giving the regular basic collegiate program, should come in for assistance under this act. Certainly it might encourage a more rapid acceptance of this new idea in educational circles.

I wonder, too, if there is any provision in the act for vocational guidance. When we begin to specialize in the field of education the problem immediately arises as to the necessity for offering special counsel and advice to our young people in the matter of selecting their areas of interest. The vocational guidance movement has emerged in Canada since 1930 to meet this need. I have looked through recent reports concerning the administration of the act, and I cannot see any specific reference to provision being made for financial assistance in the carrying on of a vocational guidance program. Perhaps the minister could give us some information on that point.

I see a possible solution in the very title of the act for some of the difficulties I have outlined. The act is known as the Vocational Training Co-ordination Act, and the word "co-ordination" suggests to me one method of broadening the scope of this particular legislation. I note in the schedule of payments that for vocational training programs covering members of the armed forces and war veterans the federal government provides support to the extent of 100 per cent, whereas in the training of disabled persons and young people between the ages of 16 and 30, with particular reference in schedule "O" to the training of foremen, supervisors and the like, the support is either 75 per cent or 50 per cent.

We know that in military matters considerations of cost are never involved. It seems to me some attempt might be made to bring about a closer integration of the technical training required to meet the demands of a technological civilization as well as the technical training required to meet the demands of our defence program. While these activities parallel one another to some extent, they do tend to have separate treatment. Independent facilities are established which obviously would increase considerably the expenditures involved.

In the world of today the areas of civilian and military activities seem to be almost indivisible, because in a time of trouble, in a time of war, everyone would be caught up in the demands of defence. It should be in our best interests to explore every possible avenue whereby we might meet the growing demand for a larger number of people with training in the technical skills. Preparedness is the best defence in the long run, and I hope this suggestion might be given attention as amendments to the act are brought in when we finally have the bill before us.

One final word, Mr. Chairman. There would appear to be a need for some publicity on behalf of the activities under this act. I note that in the report for 1952 there are regional directors in every province, with the exception of British Columbia, Manitoba and Newfoundland. The maritime provinces are particularly well represented from the standpoint of regional directors. I would imagine that a regional director is largely responsible for applying the terms of the act to the situation as he finds it in his particular province. It might be that if we had a wider representation—for example, if there were regional directors in the other provinces which do not have such persons at the present time—these people would provide the necessary leadership in taking advantage of all the measures under the act and applying them to the situation they find in their particular provinces. There are provisions in the act, I am sure, that even those in educational circles are not aware of, provisions that would assist in a real way in meeting the demands for vocational training.

May I close by saying a few words with regard to the section dealing with bursaries for student aid. I note that this provision was established in 1939. It makes possible payment of up to $400, I believe, in the case of deserving students desiring to go on to some phase of university training. I wonder whether any consideration has been given to the changed cost situation obtaining today as compared with that existing in 1939. A bursary of $400 does not go very far today in meeting the cost of a university education. In fact in some universities it would hardly cover the tuition fees. That thought occurred to me as I read through the latest report on the administration of this act.

Again, I feel that there is a need for wider publicity concerning opportunities provided under this schedule. If we had a full-time

regional director, a regional representative in the province of Manitoba, many more students might be encouraged to take advantage of the provisions of this legislation.

Mr. Hosking: Mr. Chairman, I want to make just a few remarks on this resolution. I should like to read the part in which I am interested:

> That it is expedient to introduce a measure to amend the Vocational Training Co-ordination Act to meet present-day requirements for defence and other purposes.

I like the way it is worded, "to meet present-day requirements for defence and other purposes". Everyone knows that years ago skilled mechanics spent long years of their lives, at very little pay, learning their trade. Present-day requirements are much different. First, we are short of labour, or we have been for the past number of years. Ever since 1939 we have been short of labour, and it has been necessary to use these men who have learned their skills in productive work in a manner that was not conceived years ago when we had the apprenticeship system in operation. Today we have learned that students, by adapting themselves properly in the proper environment, can become productive much more rapidly than they could under the old apprenticeship system. Thus I am glad to see the government and our own Minister of Labour introducing a resolution to amend the Vocational Training Co-ordination Act to meet present-day requirements for defence and other purposes.

The most important responsibility of any government is to provide the opportunity for the citizens of that country to have employment. Everyone has seen in the past number of years that as long as there is full employment there are good times. That is the main requirement for the success and progress of a country. Each person in the country who has been trained in one of our vocational training schools generally provides jobs for three or four helpers who may not be as skilled as he is.

I would refer to the splendid work that our vocational schools have done in turning out electricians, carpenters, automobile mechanics, diesel engine mechanics and many others in the past. Today the need for vocational training is changing. When we look around this room, for instance, and notice the number of microphones and loudspeakers that are present, we can see that it requires men with the proper vocational training to maintain this equipment. Everyone knows that unless there are the proper courses available it is very difficult for men to learn the job of maintaining this equipment.

We have television, and we have the new jet engines. The developments in atomic energy have been tremendous. In all these fields the requirements for skilled mechanics to produce, maintain and keep in operation all these new pieces of apparatus are staggering. Today it is the responsibility of this government to go into fields which, under the British North America Act, could well be considered none of their business, so that we may have at the disposal of this nation men with the technical knowledge required to keep us in fair competition, both in business and in defence, with other nations.

We have heard many times that the Russians have outstripped us in their education of scientific men. If we had not seen during the Korean conflict how they have devised machines which have bettered our own equipment, which we thought was the best in the world, we might not have been inclined to go along with that belief. But after having had a demonstration of their equipment it is easy to believe that perhaps they have outstripped us in the production of scientists and engineers.

If that is true the academic side of our educational system must be improved. Although education is the responsibility of the municipality and therefore comes under the jurisdiction of the province, when it becomes a national issue as to whether we have enough scientists and engineers, then it becomes the problem of the dominion government. At the last session we passed legislation to help increase the number of scientists and engineers to produce the equipment necessary to be competitive in an industrial way and also for defence purposes. Now we must have the vocationally trained men, men with trades ability, to maintain the equipment put into the hands of the people of our country by the scientists and engineers.

Thus it is my contention that we should give favourable consideration to this resolution to amend the Vocational Training Co-ordination Act in order to meet present-day requirements for defence and other purposes. I should like to hear the minister, some time before this bill is completed, state just what proportion the dominion government is prepared to pay in connection with the financing of the construction of vocational schools. The need in some localities is considerable.

I know the vocational school in my riding is out of date. It is equipped to perform the services I mentioned at the beginning of my speech. It does a good job of training carpenters, bricklayers, machinists and mechanics, but it is not in position to turn out

men competent to deal with the new electronic problems that face this nation today. This is one of the growing needs in many parts of the country, and certainly in my own riding we need a new vocational school adequate and up to date to handle the problems that face the young Canadians in that area.

I am told that this Liberal government is prepared to match donations with the provincial governments on projects of this kind, but I should like to have the Minister of Labour state that this is the dominion government's policy with regard to assisting municipalities in their efforts to build these schools. The demand for trained men to protect the country, to fulfil the requirements of the armed services, and to make this country competitive with other countries in the markets of the world, is such that it becomes a dominion responsibility to assist those people who pay taxes locally. I should like to hear just what the dominion government proposes to do.

Mr. Hodgson: Mr. Chairman, I should like to make a few remarks in connection with this resolution. The Minister of National Health and Welfare referred to the rehabilitation centre outside Ottawa. This centre has done a great work. I know something of what it has done since its inauguration many years ago. That centre was established by the lumbermen's safety association of the province of Ontario for the rehabilitation of maimed and disabled lumberjacks, and it did great work in that respect. Then the war came along and the dominion government—I make no apology for using the word "dominion"—needed something of this sort. It was taken over and made larger, bigger and better in every way. It has done great work over the years in rehabilitation, but I think they could have gone further in connection with vocational training. They have not done very much along that line, and there is room for improvement. I hope that there will be a change in that connection.

The resolution reads in part:

—for defence and other purposes, including authority to enter into agreements with the provinces to grant assistance for rehabilitation training of disabled persons—

I do not think the resolution goes far enough, although I am glad the dominion government is ready to go along with the provinces in connection with recreational and vocational training. Today the province of Ontario will make a grant of $5,000 toward the erection of a building for recreational and vocational training, and I do not know why the dominion government should not make a similar grant. I should like to hear from the minister in that respect. They should at least give dollar for dollar with the provinces in this respect.

We have a new school in our town, but it finds itself cramped in the carrying on of recreational and vocational training. We tried to carry on this program even before we had the new school but found it financially impossible to continue to employ a recreational director. We had to dispense with him a year or two ago. If the department would come along and make a grant in aid for recreational and vocational training that program could be continued in that little town, I am sure it would be appreciated, and I think the government should go that far. This bill does not say how far the government will go, but probably the minister will tell us when he comes to answer.

A great need in the country today is for nurses. If a bomb were dropped today in Ottawa or in any part of Canada the first people needed would be nurses. They are the first people needed to help the maimed, the sick and the dying. They have been a great asset to Canada in the past and I know they will be in the future. Many young women who would become good nurses find it financially impossible to undertake the training. I think the department could go a little further with this bill and agree to pay $10 a week to every girl in Canada who would take up nursing training.

Some hon. member referred to the need of additional training for nurses. Certain nurses might require some extra training. Those nurses who go into the far north on government projects or to Red Cross outposts probably should have some extra training along medical lines, because in many cases they are a great many miles from a doctor. I think the department should go so far as to say that any young girl who was willing to sign up for three or five years to go to distant places like this would have her extra training paid for the one year or whatever time it might take to qualify such a girl for the position. We are short of nurses in Canada today even without an emergency. We could use at least 25 per cent more nurses in Canada. Something must be done to encourage young girls to take up this work.

Then I spoke of rehabilitation grants to schools. This would prove a great asset to our country and to our young people. Someone said that our jails and institutions are completely full. I do not believe our country is as bad as that. I believe that we are probably better than average compared with other countries in that respect. However, we are not good enough. Our young people should

be better; and if they were given the opportunity of obtaining training such as this legislation starts out to provide, and if it would go a little further than is mentioned in this resolution, then I believe we would not only all have a better place in which to live, but the young people of Canada could be improved and at the same time assist in the future development of Canada.

Mr. Macdonnell: Mr. Chairman, I would like to add just one word. I have listened with respect to everything said in the house this afternoon. I am delighted to hear of the good work being done, and I approve wholeheartedly of projects for the extension of such work. However, none of us in this house believe that life consists wholly in things which come from vocational training, I mean things which are made by the teaching of various skills. We know that life does not consist wholly of these things, and I hope with these young people it will be possible in the course of the development of these skills also to introduce them to some of the thoughts of the great and good people who have made our civilization what it is.

It seems to me it would be a thousand pities if in the course of acquiring skills no attempt was made or time provided to turn their minds to these other things. I have just one practical suggestion to make and it is this. I believe there is no subject comparable to biography in developing in one's mind an appreciation of these things, and it seems to me there could be no better way of accomplishing that than by providing for that study perhaps in the sphere in which these young people are being trained, so their minds may be turned toward benefiting from the thoughts of people who have excelled in that particular sphere and who also had a broad view of life and realized that it did not consist wholly of the things that we touch, taste and handle.

Mr. Green: Mr. Chairman, before the minister answers I would like to place two or three questions before him. Incidentally, it is quite obvious from this debate that everyone in this house approves of this vocational training scheme. I believe it has been of great advantage to Canada, and it is perhaps one of the finest illustrations of co-operation between the federal and provincial governments.

The first question I would like to ask has to do with merchant seamen. I notice in the estimates for the present fiscal year that the administration item covering vocational training contains these words, "For the training of personnel for the merchant marine." That would appear to cover only those young men who are going into the merchant marine. But as the minister knows the actual situation is that young men are being forced out of the merchant marine, and Canada is disposing of her ships. The problem rather is to rehabilitate the seamen who are in that position. I would ask the minister to explain whether this scheme will be wide enough to give these men who are being put on the beach training for some other occupation.

The resolution refers to training for the defence forces in these words, "to meet present-day requirements for defence." I would be grateful if the minister would explain what changes are to be made in the training given to the men and I presume the women who are in the defence forces.

When the minister was introducing this resolution he mentioned that a change was to be made in the act to provide for substitution in the personnel of the advisory council. Under the act as it now stands the governor in council appoints the chairman and 16 members. I hope the minister will tell the committee what method is to be used for appointing substitutes. The plan he announced appears to go a long way. The cabinet appoints certain individuals and someone is to have the authority to name someone else to act in their places. I should like to know whether appointments will be made and substitutes appointed by the cabinet, or whether the provinces are to appoint them, or whether a person who has been appointed by the cabinet is to be given the right to name his own substitute. It seems to me to be going very far indeed to make provision for substitutions of that kind when a council is set up pursuant to the provisions of a federal act.

Finally, I was somewhat surprised to hear the statement that there is a shortage of vocational training schools. I hope that shortage is not as bad as some hon. members have indicated. I know in my own city of Vancouver we have a first-class modern vocational training school which, I believe, is doing a splendid job. I would like the minister to explain just how serious this shortage of vocational training schools is at the present time, and what steps the dominion proposes to take to overcome that shortage.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Green: Could I have an answer?

Mr. Gregg: Mr. Chairman, I do not want to delay my own resolution but I believe the least I can do, as an expression of

appreciation for the very excellent and instructive suggestions that have come from all corners of the house this afternoon, is to cover some of the more substantial questions asked during the debate. If hon. members do not find me answering questions in detail I can assure them that I shall take the time to do so when this bill is referred to the standing committee on industrial relations. At a later date I propose to move that this bill be referred to that committee.

The hon. member for Hamilton West asked if I would state how disabled persons will be trained. I believe that was the general nature of the question. Let me state at once the reason the rehabilitation of disabled persons appears in this bill. As hon. members know, during the past few years we have been training disabled persons under existing schedules in the federal-provincial training agreements. The reason special authority is being asked in this legislation is so that we will be able to make, in conjunction with the provinces, special arrangements with regard to the disabled.

My colleague the Minister of National Health and Welfare this afternoon gave a hint of the rehabilitation program which is now being carried out in conjunction with the provinces. He referred to that portion of it devoted to medical rehabilitation which he will be bringing forward again this year. As he pointed out, as soon as the medical teams have done what they can to repair disabled persons and the doctors and psychologists have completed their technical work and provided all assistance that can be given under the medical banner, then the vocational training people will be standing by ready to take the disabled person over with a full knowledge of what has happened medically. They will then, where needed, get vocational training under provincial jurisdiction, with part of the cost being borne by the federal government.

Right there I think I could give the answer to a part of the question asked by the hon. member for Winnipeg North Centre. Both at the medical phase of rehabilitation and then when we come into the second of the three phases—they are the medical, the training and the placement—we realize that there will be a need for special treatment of these disabled people, something which was not necessary for fit people who came in under well classified schedules. Hence we are visualizing the possibility, in conjunction with the provinces, where needed, of taking care of individual financial needs to make it possible for the disabled person to go and get the training. If that disabled person has special financial responsibilities while the training is being given, the program is so planned as to make it possible to help take care of that matter until the person has been able to gain the skill that can help to make him self-supporting, then the placement officials of the national employment service—who will then be even more highly skilled, I hope, than they are now—will take him over and so fit him into a job in industry on the basis of his value to industry and not in any sense on the basis of pity. These people, when they are trained—if they are properly trained—and their capacities are sharpened up, will be able to serve in industry just as well and just as valuably as do the able-bodied people at their sides.

Mr. Knowles: Will the minister permit a question on that point?

Mr. Gregg: Yes.

Mr. Knowles: Can he tell us under which legislation financial assistance of that kind might be forthcoming?

Mr. Gregg: I did not get the hon. member's question.

Mr. Knowles: Will financial assistance of that kind be given under the legislation now before us or by virtue of the legislation under the Department of National Health and Welfare?

Mr. Gregg: The financial requirements for medical rehabilitation up to the point where the disabled person comes over for vocational training will come in the estimates of my colleague the Minister of National Health and Welfare. As to the needs for the training—our federal portion of it—in the vocational training schools, that appears in my estimates, under vocational training, this year.

Then further to answer the question asked by the hon. member for Hamilton West as to where the training will be done. It will be done wherever that training can be obtained, as was so well said by the hon. member for Victoria (B.C.). It may be a special kind of training on the job. There may be the necessity of placing the disabled person somewhere under special instructions. For this group, and for this group only, I will say to the hon. member for Cape Breton South that we will not be averse to seeing to it that the disabled person gets some academic training if that is necessary to be fitted for a skill.

Mrs. Fairclough: Will the minister permit a question?

Mr. Gregg: Yes.

Mrs. Fairclough: Suppose the person is not capable of assimilating academic training; what then?

Mr. Gregg: What does the hon. member mean?

Mrs. Fairclough: I mean that because of age or because of having been out of school for a number of years it might be a slow and tedious process. Can they not be trained in some vocation without the necessity for taking further academic training?

Mr. Gregg: What I meant was that the academic training would not be an end in itself. It would be given only if a bit of additional academic training would enable that disabled person better to enter into the job for which he or she is most fitted or could be made most fitted.

Mrs. Fairclough: I understand.

Mr. Gregg: To come to the remarks made by the hon. member for Cape Breton South, I thought he was being a little bit more pessimistic this afternoon than he usually is. He is usually quite optimistic. He rather skirted around the edge of the responsibilities of the federal and the provincial governments in the field of training. If I understood him properly, I think he was suggesting that the federal government go farther back and assist in early academic education. It would appear to me that the great province of Nova Scotia, with its pride in its educational system, would look with a little bit of suspicion or askance if the Minister of Labour were to go back as far as is suggested by the hon. member in the academic training of the young people of that province; and what I say with regard to Nova Scotia I am sure would apply to a greater or lesser extent to all the other nine provinces.

But I agree with the hon. member to this extent. There is a very important point at which the rough edges can still be ground off, where the young person who does not intend to go on for advanced academic training can be advised properly, through interviews and skilled guidance, as to the vocation he should follow in life. Whether that should be done in the high school, or whether part of it should be done by our people in the employment offices, when the young people come seeking jobs, or whether it should be done by advisers under provincial departments, I do not know; but somewhere I think we can get together. To that extent I would agree quite heartily with my hon. friend.

I said a word about the remarks of the hon. member for Simcoe North, but I want to repeat that if in my remarks I misconstrued anything he said this afternoon and made him feel that I was not being fair to him, I certainly regret it deeply. I am sure he knows that I did not mean in any way to put into his mouth words that he did not intend to say.

The hon. member for Victoria (B.C.) gave an excellent outline of the historical background of this whole business. I may say quite frankly that I do not think any member of the House of Commons is better qualified to do so. He has been on the advisory council of the vocational training co-ordination plan since its inception. He has also represented his province on the advisory body with respect to the rehabilitation program. I am delighted to have him here. I can also say that I regret that we do not have him on these two advisory bodies. He has given a complete story of the background of this work of vocational training in particular, and I am glad to have it on the record.

To come to the points mentioned by the hon. member for Winnipeg North Centre, he stressed the importance of co-operation between the two departments, namely the Department of National Health and Welfare and the Department of Labour. I am going to tell him that there is the closest of co-operation between not only two but three departments, namely the Department of Veterans Affairs, the Department of National Health and Welfare and the Department of Labour. Since the beginning, three years ago, in getting this program going, they have worked in the closest co-operation and harmony. As a matter of fact the three ministers have acted as an ad hoc committee. All decisions that have been reached have been arrived at jointly by the three ministers. Each of the three departments has senior officials acting as representatives on the national advisory body on rehabilitation. In the provinces where there are now being created comparable co-ordination committees on this work, officials of the three departments serve on those co-ordinating bodies. Carrying the matter to metropolitan areas such as Montreal, Vancouver and Toronto, where metropolitan committees are functioning which co-ordinate all the many private agencies with the municipal and provincial agencies, there too the officials of our three federal departments are serving.

Perhaps I should enlarge upon that. To act as a permanent missionary or person responsible on the national level, we were able to obtain the services of Mr. Ian Campbell from that excellent workmen's compensation rehabilitation centre at Malton, Ontario. He has been appointed our national

co-ordinator. The plan involves the appointment of provincial co-ordinators, and most provinces either have a man in sight or have already appointed one.

The way in which a disabled person in a province will find the channel to rehabilitation in the near future may be something like this. If that disabled person is in need of medical assistance before undergoing training, on application the provincial co-ordinator of rehabilitation, who will be in the provincial capital, will put him in touch with the medical facilities available. The co-ordinator will then carry through as adviser so that the disabled person will be able to take advantage of vocational training and placement services through the provincial and federal agencies that may be in that province. I believe that answers the hon. member's question on co-operation.

Mr. Knowles: We shall know better when we get the other piece of legislation.

Mr. Gregg: The hon. member for Brandon-Souris asked if it would be possible for young people who wished to take agricultural training to do so. I refer the hon. member to schedule "O", which he mentioned, and the second part of it which is commonly called the youth training program. This second part reads as follows:

> Youth training projects for persons from rural communities, fishermen, and those engaged in primary industries who are not served by the regular school systems. Training is given to short-time classes usually in the winter months. Costs are shared 50-50 with the provinces.

If the provinces make recommendations for training in agriculture under that schedule, they will receive the consideration of the federal director of training.

Mr. Dinsdale: Could the minister indicate whether there is any aid of that kind going to Manitoba at the moment?

Mr. Gregg: I should not like to express an opinion at the moment, but I will bring in an answer at a later time.

Mention is made also of the regional directors. The reason regional directors are not yet in some of the provinces is that there have been officials there known as liaison officers. My hon. friend will be glad to know that regional directors are now being planned for all the provinces, so they may be in a position to give the necessary publicity which he has suggested.

The hon. member for Victoria (Ont.) mentioned recreational training. I shall ask him if he will bring up that point on the estimates of my colleague the Minister of National Health and Welfare. Any co-operative plan for recreational training comes within the physical fitness program which comes under my colleague. He also stressed, as other members did, the training of nurses. I heartily agree with what has been said in that connection. It will be noted that under the plan for vocational training that phase of assistance is covered by the special grants to what are called worthy professional students at universities. Assistance has been given in the past to the extent of 50 per cent of that provided by the provinces.

The hon. member for Greenwood stressed that in the acquiring of skills or other things, the individual should not be forgotten. I am heartily in accord with him. In considering the material things, to which we attach so much importance, we should not overlook the importance of encouraging things of the spirit. As a matter of fact, in so far as this training is concerned my department just acts as the agent between this parliament and the ten provinces. We have the most cordial relations possible with all those ten provinces. I think the hon. member for Greenwood will agree that in the field of education generally a good deal of consideration is given by provincial systems to the development of the whole individual. Nevertheless, I am glad he made his point.

The hon. member for Vancouver-Quadra mentioned the merchant seamen. He spoke of those who were being trained for seamanship, but I think he had in mind those former seamen who had become unemployed, and not necessarily those who served as merchant seamen during the war. We are in the midst of carrying out a survey across the country as to the needs in this connection. Of course we can train and are training some of them under other schedules, but we are attempting to give special consideration to the best way of serving them.

I should like to say a word or two about the advisory council and alternate members. There is a great advantage in continuity, but with busy people it often happens that some member of the council cannot attend a meeting. It did seem too bad that the province or organization that person might represent should be deprived of knowledge of what was taking place, and of the opportunity of making a presentation if that was desired. At first there was a good deal of feeling to the effect that if a member could not come it was just too bad, he would have to pick up the information next time. After a good deal of thought it was felt that there should be alternate members. These alternate members would be chosen in exactly the same way as the original members, namely in consultation

with the people they represent. If the alternate member came to attend a meeting, his expenses would be paid just as the original member's would be.

Mr. Green: The alternates would be appointed by the cabinet?

Mr. Gregg: That is right, after getting the advice of the same bodies from whom we received it when the first representatives were named.

Mr. Green: Would the minister say something about the shortage of schools? He did not deal with that.

Mr. Gregg: Yes; and that reminds me that I did not reply to a question asked by the hon. member for Wellington South. He spoke of his municipality or community not being able to afford a school. Under our capital assistance plan on vocational schools we deal directly with the province. So I suggest to my hon. friend that if the vocational school he has in mind meets with the approval of the province, and if the province will make that recommendation to my department, it will receive consideration, just as a great many others have since this plan has been in effect.

To give a short answer to the question, our information is that in the main the need for vocational schools in Canada has been pretty well filled. That does not mean there is not a need for some in certain sections of the country for special purposes. This condition is reflected in the estimates for this department in the present year; the item is down, but we feel from the survey of the situation we have made that the amount provided will be enough to take care of this year's requirements.

Resolution reported, read the second time and concurred in.

Mr. Gregg thereupon moved for leave to introduce Bill No. 326, to amend the Vocational Training Co-ordination Act.

Motion agreed to and bill read the first time.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

Hon. Hugues Lapointe (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to amend the Pension Act to make provision for the payment of additional pension for legally adopted children; to extend the benefits of the act in certain other cases; to provide that the salaries of the chairman, deputy chairman and commissioners shall be fixed by the governor in council; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Applewhaite in the chair.

Mr. Lapointe: Mr. Chairman, in introducing this resolution I should like to state that the proposal to amend the Pension Act at this time does not arise from any changes in the basic rates of pensions paid to disabled veterans, nor does it depart from any of the major principles underlying this legislation. Rather it is intended to confer some additional benefits upon certain dependents of veterans and to remove certain difficulties which have arisen in the administration of the act and in its interpretation by the commission.

I believe all hon. members will agree with me that, in general, the provisions of the Canadian Pension Act have been warmly approved and generously interpreted. And that is as it should be. I believe it is the general desire of the Canadian public that those who have suffered from service to their country, and the dependents of these people, should be adequately compensated.

Without going into any details of the bill which will follow the resolution, perhaps I might explain some of the major amendments. One which I am sure will meet with the approval of all members of the committee is a provision to allow the commission to pay pensions for adopted children of pensioners. For a number of years now members on both sides of the house have joined with the various national veteran bodies in the country in urging that consideration be given to such a measure. This proposal has had my own sympathetic support, and I must say I was very pleased to recommend to the government that in this bill an amendment should be introduced to empower the commission to pay pensions in respect of children legally adopted by a pensioner, subsequent to the appearance of an injury or disease for which he is pensioned.

I believe the restriction that has existed heretofore was in the act to protect the child as well as the treasury against a practice known as baby farming, which might have existed some years back. It is felt now that adoption legislation in the various provinces provides sufficient protection, and that the commission is capable of protecting both the child and the treasury of the state in this connection. Therefore I am happy to introduce that amendment to the Pension Act. Of course the amendment will also maintain

the right to pension of legitimate children born to the pensioner subsequent to the injury or disease for which he is pensioned.

Another major amendment to the act will advance the cut-off date for the marriage of pensioned veterans of world war I. The house will recall that in 1951 the cut-off date was advanced from 1948 to May 1, 1951. This was the most recent of several changes made in the act concerning this dateline, and it is now proposed to recognize wives of pensioners who were married prior to January 1, 1954.

On this particular point I have been asked this question. Why not abolish the dateline altogether, since it is now 36 years since the end of world war I. I confess that at first glance I felt this suggestion had merit. However, on further consideration I have recommended an advance in the dateline which, I believe, was first introduced in May, 1933. I believe the reason for fixing a dateline was to protect the veteran and the treasury from so-called deathbed marriages between aged pensioners and very much younger wives who it was felt might have some mercenary motives. I must say that I have never thought this was very flattering to womanhood in general.

However, with the average age of world war I veterans steadily climbing, it seemed wiser to retain the dateline to protect the sound marriages and retain the terms which this method provides, because under the act as it exists today the wife of a pensioner who is in receipt of a pension of 50 per cent or over—that is, from 50 per cent to 100 per cent—automatically becomes the recipient of a widow's pension of $100 a month when the veteran dies, provided that she is otherwise qualified; that is, that the marriage was a legal one and the widow has not disentitled herself. I believe this generous provision merits the protection that a cut-off date for marriages provides.

Another feature of the bill concerns helplessness allowances. As hon. members know, helplessness allowance is paid to very seriously disabled veterans who need to have constant attention. This allowance is paid to them over and above the pension. The allowance can be from $480 up to $1,400. However, when the pensioner is in one of the departmental institutions for treatment and attendance is provided for him, the helplessness allowance is stopped. It has been found that many of these cases, after having been in the hospital for some time and having returned home, remain as what are called outpatients of the hospital. They are still on the departmental strength as outpatients, and the act as it exists has created some difficulty in permitting the commission to give such a pensioner the helplessness allowance which he was receiving before entering hospital. Fortunately there are not too many of these seriously disabled pensioners who must have helplessness allowances. I believe there are slightly over 1,000, distributed between world war I and world war II veterans. Others of course need to have constant attendance, but they are looked after in our institutions.

The other amendments, Mr. Chairman, are designed to facilitate the administration of the act by conforming with terms used by the department and by the commission, and they clarify certain powers vested in appeal boards of the commission.

Finally, as the resolution specifies, it is intended to introduce an amendment to permit the salaries of the members of the pension commission to be determined by the governor in council rather than by statute as it exists at the present time. This is really for the purpose of permitting, when it is felt that increases are justified, the commissioners to be adequately compensated, without it being necessary to introduce a bill. It is the pattern which is followed, I understand, in most governmental bodies set up as this commission is. Of course parliament has control of this money, as an item must be provided in the estimates to pay those salaries.

As I stated, Mr. Chairman, the changes in this amending bill do not involve any major new expenditures. They are designed more to make the administration of the act uniform and equitable and to tailor the procedures to present-day needs.

Mr. Brooks: Mr. Chairman, it is almost six o'clock. I would ask you to adjourn the discussion, but before doing so I wonder whether I might congratulate the minister. I noticed in this morning's paper that today is the anniversary of his birthday and I should like to extend him my congratulations and to wish him many happy returns.

Mr. Gillis: Before we adjourn I have one question to ask. Is it the minister's intention to send this bill to the veterans affairs committee?

Mr. Lapointe: Yes; after the bill receives second reading it is intended to refer it to a special committee.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: As agreed, tomorrow we shall take the resolution with respect to the Bank Act. Then, if it meets with the approval of hon. members, we might conclude this resolution so the bill might be available for second reading early next week. After that we shall take the public works estimates and continue the debate we had yesterday. On Friday, if it is agreeable, we shall begin with the housing bill in committee and then take the remaining estimates of public works, in case the item under discussion is passed. I think it is the agreement as well that if the resolution on the Bank Act is passed tomorrow and the bill is given first reading, second reading will be called as the first item on Monday.

Mr. Fleming: I thought it was understood that, because the housing bill has to be reprinted and the banking and commerce committee completed its work only yesterday, the bill was to be brought before the house on Tuesday.

Mr. Harris: The bill will be printed and available at about 2.30 p.m. tomorrow. It had been intended to have the housing bill debated on Monday, but the hon. member for Eglinton will not be available that day, so it was decided to make it Tuesday. But we have found that the minister is not going to be available on Tuesday, so we have altered it to Friday because both of them can be present, or so I understand.

Mr. Knowles: That is very good of them.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, March 4, 1954

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following letter from the secretary to His Excellency the Governor General:

2nd March, 1954

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber on Thursday, the 4th March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
J. F. Delaute,
Secretary to the Governor General.
(Administrative)

PRIVILEGE

MR. FULTON—JOHNSTON-WESTERN CANADA PROJECT—ALLEGED INCOMPLETE RETURN

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I rise on a question of privilege. On Tuesday, March 2, there was tabled in the house correspondence and so on in connection with what is known as the Johnston-Western Canada V.L.A. project near Kamloops, British Columbia. This was in compliance with an order of the house issued on February 8.

This order asked for a copy of all letters, telegrams and other correspondence, and memoranda of telephone calls, exchanged between the government or any minister, department, or agency thereof, and any other person or organization outside the dominion government service since June 1, 1953, concerning the allocation of funds for this project.

The return as tabled does not include a letter which I have reason to believe is in the possession of the Minister of Fisheries (Mr. Sinclair). I base my statement in that regard upon an article appearing in the Kamloops newspaper of January 25, which reads as follows:

Notice that a sum of $46,000 was approved and would be included in government estimates to be considered at the present session of parliament was received in Kamloops by Syd. J. Smith in a letter from fisheries minister James A. Sinclair. (Mr. Smith is president of the Liberal association of British Columbia and former M.L.A. for the Kamloops riding.)

And it continues:

The amount approved by the treasury board is specifically earmarked for the improvement and extension of V.L.A. land acquired by the federal government—

—and so on. It would appear that the letter was in detail as to the amount of the item, and what it would be used for. I would point out that the letter is not included in the return tabled the day before yesterday. I would ask the Acting Prime Minister (Mr. Howe) if he will cause the necessary activity in the cabinet to be undertaken which would result in the production of this letter as asked for in the motion passed by the house.

Hon. James Sinclair (Minister of Fisheries): Mr. Speaker, once again I simply have to reply that personal correspondence I have with friends who are interested in public welfare in Kamloops is not to be produced here as government papers.

Mr. Fulton: May I ask the Minister of Fisheries whether he regards a letter written by himself on a matter approved by treasury board for the inclusion in the estimates, and therefore confidential until the estimates are tabled, as one which might properly be regarded as personal correspondence.

Mr. Sinclair: That is a matter entirely for my decision. The letter I wrote was as one interested in public development in British Columbia to another man who is interested in public development, and had "personal" written across the top.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 325, to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line. —Mr. Hunter.

Bill No. 327, for the relief of Lucien L'Esperance, junior.—Mr. Hunter.

Bill No. 328, for the relief of Charles Edouard Dubois.—Mr. Hunter.

Bill No. 329, for the relief of Donald Clarke Allen.—Mr. Hunter.

Bill No. 330, for the relief of Jean Albert Raymond Rasson Desloover.—Mr. Hunter.

Bill No. 331, for the relief of Hazel Helena King Featherston.—Mr. Hunter.

Bill No. 332, for the relief of Jessie Ruby Dawe Greenslade.—Mr. Hunter.

Questions

Bill No. 333, for the relief of Romuald Fregeau.—Mr. Hunter.

Bill No. 334, for the relief of Jean Nelson Williams Blampied.—Mr. Hunter.

Bill No. 335, for the relief of Horace Gervais.—Mr. Hunter.

Bill No. 336, for the relief of Margaret Ann Eddie Casselman.—Mr. Hunter.

Bill No. 337, for the relief of Marcel Prud'homme.—Mr. Hunter.

QUESTIONS

INVERNESS COUNTY, N.S.—WHARF AND BREAKWATER

Mr. Nowlan:

1. In each of the calendar years, 1948 to 1953, inclusive, how much money has been expended on the wharf commonly known as "The Block" at cape Rouge, Inverness county, Nova Scotia, for (a) repairs; (b) maintenance; (c) construction or additions thereto?

2. In each of the calendar years, 1948 to 1953, inclusive, how much money has been expended on the breakwater at Margaree Harbour, Inverness county, Nova Scotia, for (a) repairs; (b) maintenance; (c) construction or additions thereto?

Mr. Bourget:

1. (a), (b) and (c)

	Construction and improvements	Maintenance and repairs	Total
1948. . .	$ Nil	$ Nil	$ Nil
1949. . .	"	967 58	967 58
1950. . .	"	4,484 58	4,484 58
1951. . .	"	2,048 58	2,048 58
1952. . .	"	Nil	Nil
1953. . .	"	"	"

2. (a), (b) and (c)

1948. . .	Nil	4,473 70	4,473 70
1949. . .	118 49	Nil	118 49
1950. . .	8,102 77	"	8,102 77
1951. . .	37,912 72	337 98	38,250 70
1952. . .	15,997 57	17,416 44	33,414 01
1953. . .	11,219 41	9,151 79	20,371 20

WHEAT BOARD—GRAIN HELD

Mr. Harkness:

1. What amount of wheat, oats and barley was held by the wheat board on the latest date for which figures are available?

2. How much of this grain was: (a) crop year 1952-53; (b) crop year 1951-52; (c) crop year 1950-51?

Mr. Dickey:

1. It is not the policy of the Canadian wheat board to disclose its position with respect to holdings of wheat, oats or barley during a current crop year.

2. See answer to No. 1.

[Mr. Sinclair.]

KINGS AND ANNAPOLIS COUNTIES, N.S.—WHARVES

Mr. Nowlan:

For each of the calendar years 1952 and 1953, what was the total amount of money expended by the Canadian government or any department thereof upon the wharf or wharves at (a) Harbourville, Kings county, Nova Scotia; (b) Scotts Bay, Kings county, Nova Scotia; (c) Halls Harbour, Kings county, Nova Scotia; (d) Parkers Cove, Annapolis county, Nova Scotia?

Mr. Bourget:

	1952	1953
(a) Harbourville,— breakwater	$7,693.51	$13,531.46
(b) Scotts Bay,— wharf	Nil	Nil
(c) Halls Harbour,— breakwater	2,408.28	6,969.34
(d) Parkers Cove,— breakwaters	1,947.63	69,081.63

INCOME TAXES—LETTERS TO FARMERS

Mr. Harkness:

1. Were letters, similar to the ones sent to farmers in the Calgary income tax area, sent out to farmers in all provinces?

2. If so, how many were sent out in each province?

Mr. McCann:

1. No. Similar letters were sent in the Edmonton district in Alberta, in Manitoba and in Ontario.

2. They were sent from time to time to make appointments in a nearby town for farmers in the area. Statistics are not available because this was a routine procedure.

HEADACHE PILLS

Mr. Knowles:

1. Has the attention of the government been drawn to reports of infants suffering serious illness from poisoning due to overdoses of so-called headache pills?

2. Have any representations been received by the government urging that steps be taken by the food and drugs division of the Department of National Health and Welfare in an attempt to eliminate or minimize the possibility of such overdoses?

3. If so, what consideration has been given to such representations and what are the results of such consideration?

4. If no such representations have been received, is the problem being considered by the government on its own initiative?

5. What are the results of such consideration?

Mr. Robertson:

1. The attention of the Department of National Health and Welfare has been drawn to these reports by newspaper accounts only.

2. No such representation has been made by any association or organization, but the Department of National Health and Welfare was already aware of the situation and following it closely. There have been occasional

reports over the years from individuals about unfavourable responses to several drugs, including a headache remedy.

3. Each report is investigated and if the circumstances reveal that there is anything useful that can and should be done under the Food and Drugs Act, such action is taken. However, the size of dose makes little difference to an allergic individual and the dangers to such persons can not effectively be prevented by regulation.

4 and 5. Yes. The department is taking steps to ensure that appropriate action will be taken to correct the situation by all means available.

CORPORATION TAXES, FEDERAL AND QUEBEC

Mr. Michener:

In the last fiscal year, what was the amount by which Canadian corporation income tax receipts were reduced by the allowance of Quebec corporation taxes as a deduction?

Mr. McCann: Information not available as the taxation division does not maintain a statistical record of the amounts by which corporation income tax has been reduced by allowable deductions for payment of Quebec corporation taxes.

MARGARINE PUBLICITY

Mr. Poulin:

1. Has any department of the federal government or agency under its authority issued a pamphlet or publication advising the use of margarine?
2. If so, what is the name of such publication and under what authority is it published?

Mr. Robertson:

1. There is no publication issued by the nutrition division of the Department of National Health and Welfare which is concerned with margarine alone or which advises the use of margarine in distinction to other spreads. Publications issued by the nutrition division deal simply with the nutritional quality of food.

2. See answer to No. 1 above.

OATS AND BARLEY—PRICE DIFFERENTIAL

Mr. Argue:

1. Is there a differential in the Canadian wheat board selling price for oats and barley as between Fort William-Port Arthur and Vancouver and between Fort William-Port Arthur and Churchill?
2. If so, what is the differential and for what length of time has such differential been in effect?

Mr. Dickey:

1. The Canadian wheat board does not have any fixed differential in its selling price for oats and barley as between Fort William-Port Arthur and Vancouver and Churchill.

2. Depending upon market conditions, the board does, at times, ask for and receive a premium over its Fort William-Port Arthur prices on sales of oats and barley ex Pacific coast ports and other export outlets.

ARMED FORCES—PURCHASE OF SKATES

Mr. Herridge:

1. Have any skates been purchased for the defence services at any time since January 1, 1952?
2. If so, how many times have such purchases been made?
3. What was the total number of pairs of skates included in each such purchase, and what was the total price for each such purchase?
4. From whom were these purchases made?
5. How many pairs of such skates were allocated to each of the three services?

Mr. Blanchette:

1. Yes.

2. Four.

3. (a) 100 pairs at a total price of $1,500; (b) 36 pairs at a total price of $1,224; (c) 38 pairs at a total price of $864.50; (d) 102 pairs at a total price of $1,045.50.

4. (a) George Bourne, Ottawa; (b) Murray & Co., Montreal; (c) H. H. Wilson, Toronto; (d) H. B. Kennedy, Toronto.

5. (a) 240 pairs of skates were purchased for the army for issue to the 25th Canadian infantry brigade in Korea; (b) 36 pairs of skates were purchased for College Militaire Royal de St. Jean.

HEALTH PROGRAM PAYMENTS, HALIFAX

Mr. Balcom:

What amount of assistance was paid out under the national health program, during the last five years in connection with the development of health services and the construction of hospitals in the city of Halifax?

Mr. Robertson: Development of health services, $528,466; construction of hospitals, $316,079.

ARCHITECTS—PUBLIC WORKS DEPARTMENT

Mr. Fulton:

1. How many persons are employed as architects in the Department of Public Works?
2. What is the total of salaries provided to be paid to such architects in the coming fiscal year?

Mr. Bourget:

1. Thirty-six.

2. $217,235.

LABOUR CONDITIONS

INQUIRY AS TO RE-EMPLOYMENT OF TEXTILE WORKERS

On the orders of the day:

Mr. W. G. Blair (Lanark): I should like to direct a question to the Minister of Labour. Will the minister state the policy, if any, of ing it closely. There have been occasional

textile workers in areas such as Lanark, Hespeler, or others throughout Canada where textile factories have been closed?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I shall take my hon. friend's question as notice.

FORT WILLIAM—REFERENCE TO INCREASE IN HOUSING PERMITS

On the orders of the day:

Mr. Daniel McIvor (Fort William): I should like to direct the attention of the Minister of Labour to a report in the *Times-Journal* of Monday last to the effect that building permits in January and February of this year were nearly double those of last year, and ask if he has any comment to make.

Hon. Milton F. Gregg (Minister of Labour): I read the extract to which my hon. friend refers by looking across at his desk. I am happy to see this evidence of an upturn in employment in his constituency, as indeed similar news is coming in from other sections in Canada.

Mr. Winch: May I ask the minister a supplementary question. Can we therefore anticipate the same speed from now on in getting figures on unemployment?

CANADA EVIDENCE ACT

SUGGESTED AMENDMENT TO MAKE SOURCES OF INFORMATION OF PRESS AND RADIO CONFIDENTIAL

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Acting Prime Minister. It arises out of the judgment of the Supreme Court of Canada in the Wismer case, in which an appeal by Mr. Blair Fraser was denied. Will the government give consideration to introducing an amendment to the Canada Evidence Act at the present session so that the sources of information of press and radio in any future action shall be considered confidential and inadmissible as evidence; otherwise—

Mr. Chevrier: That is a strange position to take.

Mr. Diefenbaker: No, it is not; it is of the essence that the wells of information for press and radio shall not be dried up.

Right Hon. C. D. Howe (Acting Prime Minister): I will need to consult my colleagues before answering the question.

[Mr. Blair.]

CAPITAL PUNISHMENT

REQUEST FOR SUSPENSION UNTIL CONSIDERED BY PARLIAMENT

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to direct a question to the Minister of Justice. Can he inform the house whether he will take steps to stop any death sentences being carried out until such time as parliament gives consideration to the findings of the special joint committee on capital punishment?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for giving me notice of his question. The governor general in council, in his present consideration of the question of commutation of sentences of death, carries out the laws of Canada in their present form. Until parliament amends the present law with regard to capital punishment the governor in council should not, in my view, by executive action, attempt to bring about in effect a change in the law, which only parliament can lawfully make.

Mr. Winch: May I ask a supplementary question of the Minister of Justice. Is the minister aware that in Great Britain the operation of the statute was suspended while capital punishment was under consideration in the House of Lords?

Mr. Garson: Mr. Speaker, my understanding of what happened in the United Kingdom is that for a short period in the year 1948 death sentences were commuted to life imprisonment. The sole reason that was given for the decision to recommend those commutations was the position resulting from the vote in the House of Commons on the clause in the criminal justice bill suspending capital punishment for five years. This was not because a royal commission or a joint committee of parliament was investigating the matter. The royal commission in England which reported on capital punishment was in fact appointed in 1949 and reported in 1953. During this period there was no suspension of capital punishment, nor were there any commutations granted for other than the usual reasons under the royal prerogative of mercy.

INCOME TAX

REQUEST FOR REASON FOR ALLEGED INSTRUCTIONS TO DEPARTMENTAL STAFF

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I wish to direct a question to the Minister of National Revenue. What is the reason the employees

of the taxation division of his department are not treated in the same way as the rest of the taxpayers of Canada in regard to receipts for charitable donations?

Hon. J. J. McCann (Minister of National Revenue): I have not received any notice of this question. I shall answer it at a later date.

NATIONAL DEFENCE

CALIBRE OF BELGIAN FN RIFLE—MEETING TO DISCUSS ADOPTION

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): I should like to direct a question to the Minister of National Defence, arising out of answers given yesterday concerning the Belgian rifle. Is the minister aware that the rifle adopted and in use by the Belgian army is not the FN rifle which uses the standard NATO ·30 round, but is the FN rifle which uses the ·306 round, and therefore differs from the rifle adopted by the United Kingdom?

Hon. Brooke Claxton (Minister of National Defence): Yes.

Mr. Churchill: I have another question for the Minister of National Defence. Was there a meeting at Washington in September, 1951, to discuss the adoption of a rifle for NATO countries, and at that meeting were representatives present from the United States, the United Kingdom, France and Canada?

Mr. Claxton: The meeting took place on August 2 and 3, 1951, not in September. It was attended by representatives of the countries mentioned.

Mr. Churchill: May I ask the minister whether the purpose of that meeting was to discuss the adoption of a rifle?

Mr. Claxton: Yes, indeed.

HEALTH INSURANCE

REFERENCE TO SPEECH IN TORONTO BY MR. AURELE CHARTRAND

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare? As a resident of Ottawa East, has the minister's attention been drawn to a speech made two days ago in Toronto by Aurele Chartrand, member of the legislative assembly for Ottawa East, urging immediate action by Ontario on health insurance? Will the minister bring in the necessary legislation at an early date so that Ontario and any other province that wishes to participate in a nation-wide plan may have health insurance?

Some hon. Members: Order.

Hon. Paul Martin (Minister of National Health and Welfare): I have been waiting for this sort of question for a long time. I am not usually caught unawares, but I am today. I can say, however, that I have seen the speech which the provincial member for Ottawa East directed to the attention of the provincial government, and I would say to the hon. member for Winnipeg North Centre that if he will read carefully the speech of the member for Ottawa East in the Ontario legislature he will derive a great deal of profit.

Mr. Knowles: Does the minister agree with that speech?

TRADE AND COMMERCE—DEFENCE PRODUCTION

INQUIRY AS TO TABLING OF DEPARTMENTAL REPORTS

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to ask the Minister of Trade and Commerce when he expects to be in position to table the reports of the Department of Trade and Commerce and the Department of Defence Production for the year 1953.

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am informed that both reports will be ready for tabling before the end of March.

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, 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 provide for the decennial revision of the Bank Act and the extension of the charters of the existing chartered banks till July 1, 1964, and to provide further for certain changes in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Abbott: Mr. Chairman, the bill to be based upon this resolution provides for the decennial revision of the Bank Act. It extends the charters of the eleven chartered banks for a ten-year period from July 1 of this year. In accordance with the practice

on similar occasions in the past, I am recommending a new act and the repeal of the one now in force.

At this time I wish to draw to the attention of hon. members the proposals contained in this bill for some of the more important changes in the present legislation. These are:

A provision that if parliament is not sitting during the 30 days preceding July 1, 1964, the charters will be extended until 60 days after the commencement of the next session.

A provision to increase the amount of capital which a newly-incorporated bank must have before it commences business. The present requirements were enacted in 1890 and are considered inadequate under present-day conditions.

A change relating to the issue by a bank of additional capital stock, which is intended to remove some of the obstacles which now exist.

A change regarding investments eligible for the pension fund of a bank.

A provision permitting each bank to determine the method by which ownership in shares of its capital stock may be transferred. At present this can only be done by registration on the books of the bank.

A change in the method of computing cash reserves of a bank and in the minimum ratio of cash reserves to deposit liabilities. This provision is complementary to the amendment proposed to the Bank of Canada Act which I explained at some length on second reading of that bill. Together, they are intended to give the Bank of Canada a better control of the reserves of chartered banks.

A provision which prohibits the issue of notes intended for circulation outside of Canada and terminates all note-issuing rights of the banks.

A provision complementing the amendment to the National Housing Act and permitting a bank to make loans on the security of insured mortgages.

A provision to clarify the lending powers of a bank on the security of oil in the ground and in transit. The banks have taken a very active part in the development of the oil and related industries in Canada and have been instrumental in providing them with substantial financing from time to time. The proposed revisions specify the type of loans which may be made to assist this comparatively new but very important part of our economy and the security which may be taken.

[Mr. Abbott.]

Changes in the provisions regarding amalgamations, to conform with current legislation and business practice.

Provision for payment from the consolidated revenue fund to the Bank of Canada of all unclaimed deposits of defunct banks, thereby placing with the bank all deposits of this kind.

There will be many consequential changes arising from those I have mentioned and others of less importance. I shall deal with these in greater detail, of course, on second reading and, when that stage is concluded, will move that the bill be referred to the standing committee on banking and commerce.

Mr. Macdonnell: Mr. Chairman, the minister has outlined in considerable detail the special points which will be in the new bill, and there is just one question I wish to ask. I notice that the resolution is as follows:

> That it is expedient to introduce a measure to provide for the decennial revision of the Bank Act and the extension of the charters of the existing chartered banks till July 1, 1964, and to provide further for certain changes in connection with the administration of the act.

Does that last provision cover the changes which the minister has outlined, or is there any general statement the minister would still wish to make to explain the phrase "changes in connection with the administration of the act"?

Mr. Abbott: I must confess that I have given that point little thought. The resolution was drafted by the very able law clerk of the House of Commons. I am afraid that unlike my hon. friend I did not give any special consideration to the language to which he has referred. However, I can tell him that the principal changes, the changes which involve any departure from previous policy, are those which I have indicated in the brief statement I have just given.

Mr. Macdonnell: Without contending that the minister should necessarily answer now, may I suggest that in the remarks he is going to make on second reading he might consider whether reference is to be made to the effect, if any, on home improvement loans under the proposed housing bill and also on farm improvement loans.

Mr. Abbott: I shall be happy to do that.

Mr. Stewart (Winnipeg North): Mr. Chairman, it is not our intention to say anything at this stage of the resolution. More will be heard from us later. I should like to ask the minister if he is in position to put on *Hansard* a statement similar to that

which was put on *Hansard* by the Right Hon. Mr. Ilsley, as appears at page 2550 of the 1944 debates of the House of Commons. That was headed "statement of current operating earnings and expenses and other information for the ten chartered banks."

Mr. Abbott: Of course that information could be made available. My recollection is that the 1944 revision of the act was not preceded by a resolution—why, I do not know. Perhaps it is because of the inclusion in the Bank Act of some provisions which were formerly in the Bank of Canada Act, but it was decided by the law officers of the crown that this bill should be preceded by a resolution. I shall give consideration to my hon. friend's question and see whether I can cover that in my second reading speech or whether it might be more appropriately made available in the banking and commerce committee. The information he has asked for can be made available and will be made available if desired.

Mr. Low: Mr. Chairman, I am going to be just a little different from the representatives of the other two parties. I do not intend to speak at any length, but I use as justification for taking a few minutes of the time of the committee a rather important point which is involved. I hope what I shall have to say may perhaps induce the minister when he is making his statement on the motion for second reading to get to grips with the one important point I shall raise, and by that method we can perhaps deal with the question at issue and do something about it.

I was interested to learn of the scope of the changes which are proposed in the new act, and I was glad to see that something is to be done to enable chartered banks to take certain securities and make provision for financing oil development. That is an important thing in our province. It will be of importance, I believe, in several of the other western provinces also, and it seems to me necessary to make it possible for the chartered banks to assist in that development. I was also interested in some of the other things the minister said, but I shall confine myself more to the question of the change in the minimum cash reserves, as related to the change in the Bank of Canada Act.

I do not believe, Mr. Chairman, that a more important bill ever comes before parliament than the measure providing for the decennial revision of the Bank Act and the extension of the bank charters. This act, coupled with the Bank of Canada Act, lays down fundamental financial policy for Canada, and every aspect of that policy has a profound effect upon the lives, liberties and fortunes of every man, woman and child in the country.

For that reason the greatest care should be exercised in dealing with this measure which the minister proposes introducing today. It should be subjected to the minutest scrutiny and to most careful consideration by members of parliament both here and in the banking and commerce committee to which I understand it will be sent.

Our view in regard to all this banking legislation was very well expressed by the hon. member for Acadia when he spoke in the debate on the second reading of the Bank of Canada Act on February 25. He said in effect, though these are not his exact words, that we do not want the amendments dealing with the cash reserves of the chartered banks to be too restricted in degree to permit the government to institute what we consider to be a sound financial policy, that will encourage the optimum development of our resources and permit the equitable distribution of the goods and services resulting from that development. Most hon. members will agree, I believe he said, that during any long period of peace that has not been the case. Consequently, there is real need and room for considerable improvement.

At this point, Mr. Chairman, I hasten to say that we—I do not like to interrupt the conversations which are taking place between hon. members, Mr. Chairman, as I like to allow them their peace, but I do believe it is in the interests of all hon. members that we have some order.

The Chairman: Order.

Mr. Low: I hasten to say at this point, Mr. Chairman, that we believe our Canadian branch banking system is one of the best banking systems in the world. We believe the Canadian chartered banks have done a very fine job of financing production, which is of course the major responsibility imposed upon them by their charters. We believe they have managed their affairs quite admirably and have maintained a standard of safety and liquidity which is very high by comparison with any other system in the world.

We are just as anxious as anyone else to see that our chartered banks maintain their enviable position in these and other respects which could be mentioned. We would like to see them privately-owned and we hope they will never become government-owned institutions. We do not take too seriously

the declarations we sometimes hear that they will be nationalized under other administrations.

Governments of the past in Canada have given the chartered banks a virtual monopoly of money creation and issue. This monopoly of the chartered banks can and does exercise a tremendous power of control over every phase of private and national business. The manner in which they exercise that control determines to a very large degree whether our country enjoys prosperity or suffers adversity.

Authorities list about nine major factors affecting the economy which determine whether we have boom and depression or steady prosperity. I would like to name these nine factors, because I believe they must enter into any consideration we might give the Bank Act. They are these: debts, currency volume, price level, net worth, profit, production, psychology, currency turnover, which some people call rate of flow of currency, and rate of interest.

Of late years many outstanding authorities have come to believe that eight of these factors can be influenced by regulating the volume of deposit money in this country. The chartered banks are almost if not completely in control of deposit money. It is within their sole discretion to grant or refuse loans, which is the means, of course, by which deposit money is brought into existence.

It is true that the cash reserves against which loans are made are created and issued by the Bank of Canada. By varying the volume of this cash reserve the Bank of Canada can limit the volume of deposit money, but it can only use influence in the matter of increasing the volume of deposits. I stress that important point.

Deposit money becomes effective demand when it is immediately available to buy goods and services. By varying the volume of deposits, therefore, the chartered banks may create or diminish effective demand, sometimes with good and sometimes with drastic results. I would like to quote a short example of what can happen in this respect. This quotation is contained in a remarkable booklet by De Vee Lee, entitled, "Twentieth Century Economic System." Perhaps some hon. members have already seen this little booklet. This is the quotation:

> When the effective demand for goods is increased so suddenly and largely that current production cannot be speeded up fast enough to keep up with it, stocks begin to diminish and prices to rise. The first impetus upwards may be given by a relatively small increase in demand from the ultimate consumer, or it may be due to psychological causes. The upward movement, when once started, is, however, carried forward by the urgent and largely increased demands of the holder of stocks, whether manufacturer, wholesale dealer or retail trader. His action is based on fear and greed: the fear that if he does not buy now, prices will go still higher, and the hope that if he does buy now, prices will go still higher and he will reap the benefits. The result of his action is, in fact, to drive prices higher. When prices are falling, he holds off the market in the fear that if he buys now, his competitor will later buy at lower prices, and the hope that if he does hold off, prices will go lower. The effect of his holding off is to drive prices lower. This psychological factor could, it is submitted, be reversed and made to work in favour of stability.

When such uneconomic price fluctuations are set in motion, Mr. Chairman, the chartered banks, advised and assisted, of course, by the Bank of Canada, set about devising remedial action. What do they do under present circumstances? Again I would like to quote the author of "Twentieth Century Economic System" to illustrate what they do. The author states:

> The technique under which the Bank of England—

And I understand the technique and procedure of the central bank of Canada is approximately the same.

> —contracted the cash base of the joint stock banks, so compelling them—if they were to maintain their ratio of cash to deposits—to reduce their deposit by calling in loans, was always effective in stopping the boom and forcing down prices. The trouble arose when the prices reached the point of equilibrium and then passed it and the major slump supervened. Existing technique was incapable of stopping the fall in prices at the point of equilibrium. It was for this reason that the monetary authorities hesitated to check an upward rise in prices at its inception. They might so easily convert an incipient boom into an uncontrollable major slump.

There is the big problem under the system and policy as they now exist in Canada, how to stop a contraction of the volume of deposit money at the point of equilibrium and prevent the economy from going into a real depression. As I say, that is the real weakness of the present policy and mechanism.

I should like to take a brief look at what would happen in Canada when, after some reluctance—and I say that advisedly because I believe the Bank of Canada would approach this matter with considerable reluctance—the Bank of Canada would set about counteracting an inflationary danger by contracting the cash reserves of the chartered banks. They have that authority now under the amendment to the Bank of Canada Act. It is possible for them to contract from 12 per cent to 8 per cent or to increase from 8 per cent to 12 per cent. We do not believe that is quite enough, but at any rate for the time being it is a step in the right direction. When cash reserves are reduced by the Bank of Canada, the banks have to call in loans to enable them to meet their obligations. Producers, distributors and traders might therefore be forced to throw their stocks and their

goods onto an unwilling market in order to get the money to repay the loans. Soon a surplus of unsaleable goods might be overhanging the whole market, and very likely would be. What was a drama in the upsurge of a boom becomes a tragedy.

If effective demand could now be increased to absorb the surplus goods, of course everything would be well. But this the banks could not do under present policy. They can only increase purchasing power by making loans to producers or distributors; but the deflationary policy will already have rendered many former customers uncreditworthy. Those who are still creditworthy would not want to borrow or produce more when they could not sell what they had already produced.

That is the stalemate. What we need in our policy is a mechanism for stopping the downward movement brought on by a contraction of the cash reserves, stopping it at the point of equilibrium, in order to prevent depression. The only mechanism that can do that, as far as I can see, is one by which new purchasing power can be put directly into the hands of ultimate consumers so they can immediately make it effective demand and halt the downward trend.

I am hoping that such a mechanism will be provided in the bill which the minister brings in. He did not say anything about it today. Of course I did not expect him to go into detail at this stage, and I shall be quite content to wait until I have a chance to examine the bill. I mention this matter now in order to get the minister thinking about the thing that is in my mind and, I believe, in the minds of those whom I represent. The trouble now is that, to save their own skins in a deflationary movement ordered by the Bank of Canada, the chartered banks feel that they have to take away, as one man put it, the parasol just when it starts to rain, and the rest of us get soaked.

I shall not speak longer at this stage. We shall have more to say on second reading of the bill when we know more about what is in it. I shall close by simply stating that inasmuch as the chartered banks enjoy a monopoly of money issue, it is only reasonable to expect that when the national interest requires an increase in money supply to meet the distributive need and to keep economic activity and employment at a high level, the banks will make that money available at a reasonable rate of interest. I think that would not be expecting too much in the light of the substantial profits shown by the banks over the years.

Mr. Pouliot: Mr. Chairman, some years ago I brought to the attention of my hon. colleagues the fact that in order to understand our banking system one should look at the *Canada Gazette* and the annual reports of the banks. They are sent upon request, but I wonder how many members of parliament have asked for them. They are extremely interesting, and they represent the practical side of banking.

There are many theories about banking, debt and credit. Everyone will realize that credit is just debt. However, there are debts that are an asset from the other point of view. Assets and liabilities are convertible. What I mean by that is that when there is an asset somewhere, there is a liability on the other side. But what interests me particularly is a tabulation that was published under date of January 26, 1954, in the *Canada Gazette* and which appeared in the issue of February 6. It shows the liabilities of the eleven chartered banks in Canada. I have not the report of the Mercantile Bank of Canada, which is a new one, but I have the reports of the other ten chartered banks.

The total liabilities of the banks is $10,715,-915,936. On the other hand, these are the liquid assets of the Canadian people. They represent deposits by and balances due to the dominion government; deposits by and balances due to provincial governments; advances from the Bank of Canada, secured; deposits by the public, payable on demand, in Canada, in Canadian currency; deposits by the public, payable after notice or on a fixed day, in Canada, in Canadian currency; deposits in Canada, in currencies other than Canadian; deposits elsewhere than in Canada; deposits by and balances due to other chartered banks in Canada; deposits by and balances due to banks and banking correspondents in the United Kingdom; deposits by and balances due to banks and banking correspondents elsewhere than in Canada and the United Kingdom; acceptances and letters of credit outstanding; liabilities to the public not included under the foregoing heads; dividends declared and unpaid; rest or reserve fund; capital paid up; and finally, total of foregoing liabilities.

This tabulation seems to be arid, but it is extremely interesting. In order to discuss the banking business sensibly we must get down to brass tacks and consider those official returns and available information about banking in general. With regard to theories of banking, I have my personal views which I shall have another opportunity to expound. But what strikes me is that our banks compare favourably with the banks of any other

country. The dean of Canadian banks, the Bank of Montreal, was founded in the early 1800's. It has made its 136th annual report, which means that the bank has carried on business for 136 years. Very few United States institutions could compare with it. There was a time when the banks of our powerful and very rich neighbour were falling down and our banks were standing up and rendering great service to the public. Let me mention the opinion of Mr. Gordon R. Ball, president of the Bank of Montreal, about the revision of the bank charters. He said:

I earnestly hope that two basic considerations will be kept clearly in mind. One is that a competitive banking system, operating with the minimum of formal restrictions, has been amply shown by experience to be best suited to the needs of the Canadian community. The other is that both competition and flexibility can be most effective when they proceed from a position of strength. It would be doing an ill favour to the Canadian public unnecessarily to fetter the banks in the performance of their functions. And it would be no less dangerous, in pursuit of any doctrinaire notions, to push the banks into a position in which they were expected to assume risks, wholly inconsistent with their duty as guardians of other people's money, which they must be prepared at all times to pay.

This statement deserves serious consideration. Those who have read the report have found very appropriate remarks about "constructive banking", "a flexible monetary policy", "an opportunity to be seized", "the role of the United States", "Canada's responsibilities", and so on. The president of the Bank of Montreal suggests prudent optimism with regard to the future. I also commend to the attention of my hon. colleagues the remarks made by the general manager of the Bank of Montreal.

If we take the second oldest bank, the Bank of Nova Scotia, it has made its 122nd annual report, which means that the bank has carried on operations for 122 years. This is also a very fine record, and I hope that hon. members who received the report of that bank have read it. The title of the address delivered by Mr. H. L. Enman, president of the bank, is "Canadian Development is Unequalled in Free World". This is remarkable. Think of it, sir. The president of an institution like the Bank of Nova Scotia told the shareholders of the bank at the annual meeting that Canadian development is unequalled in the free world. This is a matter for thought. He also made remarks under the headings "Canada has come a long way since before the war", "High investment and consumer buying main features of 1953", and so on.

I am not going to read all he said about the outlook because all my colleagues are familiar with what has been said, but I draw their attention to another part of the address in which he dealt with the underlying growth of the Canadian economy. Mr. C. Sydney Frost, general manager of the Bank of Nova Scotia, delivered an address entitled "Production Growth Big Factor in Increased Bank Lending". This means that loans by the banks have been made wisely. Very often when someone goes to his bank manager to ask for a loan he is told that the matter will be referred to the head office. Naturally the banks must be cautious. They must show the prudent optimism or optimistic prudence referred to by one of these bankers. These men are human. They started at the bottom of the ladder. My hon. friends know very well that it is the practice of bank presidents to employ their sons in the banks as messengers in the first place and then in better positions, in order that they may be familiar with the whole banking structure. They meet other young men, become friends with them, and they learn their profession. They know their business, and that is the reason our banks have survived for so long.

I have referred to the two oldest banks. If we take the reports of all the other banks we will see that we have every reason to be proud of our banking system. I know that sometimes I have made requests to the banks that have been refused. They have to make such decisions, but that is no reason not to declare to the Canadian people that they must have entire confidence in our banking system inasmuch as our bankers have a free hand. For a time the Bank of Canada rendered very bad service to the lumbering industry when they cut their credit short, resulting in reduced operations. One of the reasons we have to amend the Unemployment Insurance Act is so that those engaged in forestry operations may have something to live on during the winter because those carrying on lumbering operations cannot get credit at their own banks on account of the instructions that were given by the Bank of Canada.

I have great respect for those gentlemen who consider that banking is a position of trust and confidence. They act in a very democratic fashion. They have annual meetings at which they meet their shareholders who are all invited to attend, and they give them any information asked for about the management at large of the banks. I could mention all the other banks. I have their reports here. I must not read long extracts, but I shall summarize the reports of the eleven chartered banks by saying that these men who are the pillars of finance in this country have confidence in the future of Canada and they are ready to help all

those who come with serious representations to get credit in order to promote their own businesses.

But, here again, it is impossible for the banks to accede to all requests and grant all that is asked for. It cannot be done. On the other hand, however, management of the banks in Canada has been wise; and the proof of this is that the banks have survived the years of depression and other difficulties. Now they are prosperous, and everybody knows it.

The report of the Canadian Bank of Commerce is very encouraging. Then if we look at the report of the Royal Bank of Canada we find something of particular interest in the address of the president, Mr. James Muir, and also the address of Mr. Atkinson, general manager of the bank. They have published separately reviews of conditions in Canada and in other countries. If our trade is progressing by leaps and bounds it is due, in the first place, to the initiative of the Minister of Trade and Commerce, who has done so much to help our fellow citizens who are engaged in business, and due also to the facilities and opportunities offered by the banks.

I could mention also many other banks, including the Bank of Toronto, the Canadian Bank of Commerce, and the Royal Bank. We find, too, a very interesting report from the Dominion Bank which makes reference to business conditions, mortgage lending and matters of that kind. These are things that should be looked into. Some banks publish in their annual reports lists of their branches throughout the country—and not only that, but in other countries as well. This is interesting, because they have afforded a number of facilities to Canadian exporters and importers.

The president of the Imperial Bank of Canada has said that the real output has expanded. He, too, has a message of cheer, as have also the two French-Canadian banks, namely La Banque Provinciale du Canada and Banque Canadienne Nationale.

I was also keenly interested in the report of Barclays Bank. My idea of banking is that the money deposited in banks in Canada should serve the Canadian people, and should not be sent outside. The danger with Barclays Bank is that it is a subsidiary of Barclays Bank, Limited, of London, and it is impossible to know what amount of Canadian money has been sent from Canada to the United Kingdom through that bank.

I had a question on the order paper, which was passed as an order for return, in which I asked for information about the assets of the fire insurance companies. These are powerful companies; some of them are American, some English and some Canadian. I would like to know if the assets of these fire insurance companies, made up of money from the Canadian people, are serving Canadian business. Information on this point is of more importance than a discussion of any theory, because so long as the money coming from the pockets of the Canadian people is in the hands of the banks, it should be used to promote Canadian business. I shall have more to say about that in the debate on second reading.

If Canadian business is prosperous now it is due to several factors. It is due to the initiative of the Minister of Finance as well as that of the Minister of Trade and Commerce and other members of the government, including the Prime Minister, together with the initiative of those who are in the banks. And when I refer to the banks I do not refer only to those who work in bank offices. I refer to all those Canadian businessmen who have offices from one coast to the other, as far out as Newfoundland, men who are public spirited, who try to do the best they can with their own businesses and who, at the same time, are ready to help all Canadians with initiative who wish to make a success of any enterprise in which they are engaged.

I must add that bank customers are also an asset. The Canadian people should be very happy to have a banking system like ours, where there are no bank failures, and where the banks are good servants of the people.

Mr. Knowles: Mr. Chairman, my colleague the hon. member for Winnipeg North indicated when he spoke some few minutes ago that we were prepared to have the debate on this legislation, so far as policy is concerned, take place on second reading of the bill. From what I have said I do not want it to be understood that we offer any criticism of the last two speakers for taking advantage of the opportunity to speak now. However, in view of the more extended remarks that have now been made, it seems to me that perhaps a further brief statement might be made upon our behalf.

So far as these various stages of debate are concerned, no one can lay down a hard and fast rule as to whether debate should take place at the resolution or at the bill

stage. As a matter of fact the practice varies from one piece of legislation to another. This legislation is somewhat complicated, and we shall certainly have much more to say when the bill is before us and the debate on second reading takes place.

However, since a few statements that might be regarded as of a policy nature are being made, I think it should be made clear that it is our view, as was expressed on February 25 by my leader when the bill amending the Bank of Canada Act was before us, that public ownership and control of the commercial banks is necessary if we are going to have complete control by the people over fiscal and monetary policies. We recognize and contend that those who control fiscal and monetary policies exercise tremendous control over the lives of our people. We are glad that some steps in the right direction have been taken. I refer to the fact that we have a central bank, and I refer also to such controls as we have over the chartered banks through the medium of the Bank Act.

We feel, however, that more social controls than we have yet achieved are necessary, and that eventually at any rate this calls for public ownership of the commercial banks. We feel, too, that it calls for social or public control of the flow of investment.

As I have already indicated, we are prepared to have the major debate on the matter when we reach second reading stage, when we shall develop our position more fully. I did feel that, in view of the somewhat extended remarks that were made by the last two speakers, we should not let this stage go by without it being made very clear that our position is still the one we have taken in the past, namely public ownership, as my leader pointed out in the debate last week on the bill amending the Bank of Canada Act.

Mr. Ferguson: I was quite interested in the remarks made by the hon. member for Temiscouata. I gathered from his remarks that he was referring to the insurance companies and banks. He tried to imply that money received by insurance companies should be all kept in this country. I am sure he is not aware of the fact that before a foreign insurance company can start doing business in this country they must deposit with the federal government a substantial sum of money, sufficient in the minds of the government and others who have had years of experience to protect the policyholders.

Foreign companies, and particularly the British companies of which he spoke, have been established here for years and have spent millions of dollars in this country. Only recently a company took out a charter in Canada. The money of that company came from Switzerland. They purchased a large office building on St. James street in Montreal for something like $1 million. That company has already purchased bonds and securities in this country to the extent of millions of dollars. That same company has purchased the Buffalo Insurance Company of Buffalo, New York, for approximately $6 million. The Canadian company with head office in Canada is reaping the benefit of operating in the United States, and is bringing thousands and thousands of dollars back to this country.

I believe that if we tried to put the clamps on foreign insurance companies and others that are interested in investing in Canada, it would be a great mistake. They are entitled to earn a return on the money they have invested in the development of Canada. I do not think it behooves us to criticize foreign companies that choose to come here and make a start and endeavour to ultimately become something worth while and participate in the wealth of this country, if they help in the building up of the country.

Nobody can deny that the original companies, particularly the British companies, were instrumental in the building up of Canada's vast financial and other resources. They have contributed in a large way to the development of Canada. Barclays Bank was mentioned. I am sure that before Barclays Bank were permitted to operate in this country they were carefully scrutinized by the federal government. They are building up their position, and anybody who deposits money in that bank does so with his eyes open. They are not a small institution, and if they decide to take any money which may be deposited with them and invest it in some other part of the world, I am sure the stockholders and depositors will be satisfied with the returns they may receive either as depositors or stockholders.

I do not think foreign financial institutions should be criticized unless we have something positive to go on, unless we have some reason for saying that they are detrimental to the Dominion of Canada, that we do not want them here and that we want to enact laws which are going to try to make them invest in Canada every cent received.

It would be utterly impossible to cover the insurance requirements of Canada with Canadian insurance companies. We must have foreign insurance companies. Approximately $28 million a year in reinsurance money is taken by Lloyd's on insurance risks in Canada. Therefore we want to make sure those people who are taking the initial risk in investing in our financial institutions such as insurance companies and banks are protected. It would

be a mistake to try to force them to invest all their money in Canada. They have invested in Canada for hundreds of years, and Canada has reaped the benefit.

Mr. Argue: I think the hon. member for Peace River made a very important point in his comment. That was that there is no assurance that when the nation is facing the possibility of a recession the chartered banks will do that which is in the interest of the nation at that time, namely make the borrowing of money easier. As a matter of fact the banks usually do the very opposite thing to that which is in the interest of the nation. When we are in a period of inflation it is usually quite easy for the citizens of the nation to obtain loans from the chartered banks in very large quantities.

The hon. member for Peace River came down, as I expected he would, on the side opposed to public ownership; but he did point out to the chartered banks now privately owned that if they were to fulfil their obligations to the nation they would need to exercise sound lending policies, particularly when the nation was facing a recession.

Mr. Blackmore: That is right.

Mr. Argue: The hon. member for Winnipeg North Centre restated the position of the C.C.F. movement, namely that the chartered banks of this nation should be publicly owned and controlled. If that were done there is no question in my mind but that the right kind of lending policies would be undertaken by the chartered banks, so that an impending recession and depression could be averted.

I do not expect—no one in this house does —this government to adopt a policy of public ownership of the banking system of this nation. I do, however, believe the Minister of Finance is anxious that the chartered banks, whenever the country is facing the possibility of a recession, should adopt those policies that will help avert a recession. I believe the Minister of Finance would like to see the chartered banks of Canada undertake a policy of making loans whenever prices are falling and the nation seems to be headed for a depression.

Perhaps there is another means by which such a laudable objective might be achieved. I am thinking of the vast and valuable credit movement that has grown up from one end of Canada to the other, particularly in recent years. With the adoption in this house last year of a measure to provide for a central credit union for the deposit of funds on hand in individual credit unions, I believe the credit union movement is year by year becoming more financially sound. I am hoping that the minister and the government, along with the credit union movement of this country, will work out some arrangement whereby the credit unions in Canada can obtain some of the rights and prerogatives now enjoyed by the chartered banks in Canada.

I know as a primary producer that even though under our present banking legislation in Canada the chartered banks are given absolute guarantees against losses on such things as farm improvement loans, nevertheless in a good many instances the chartered banks do not lend the money to producers who really need such funds, and the reason is well known. Unless a primary producer, the same as any other potential customer of the bank, can prove to the satisfaction of the bank manager that he is in a very sound financial position, the chances are that he will go away without the loan. The credit union movement, without any guarantee from the federal government, has lent money to tens of thousands of Canadian citizens who were unable to get money from the chartered banks of Canada even though that money from the chartered banks would be lent on iron-clad guarantees against loss by the federal government.

Even though the credit unions have undertaken what would be normally high-risk loans, nevertheless in my opinion they are in very sound financial condition. I think co-operative ownership is one of the best possible types of ownership. I should like to see closer co-operation between the government and the credit union movement so that step by step our credit unions may be given the same rights and guarantees that are now provided for the chartered banks. If that is done I am sure that the credit unions would then be prepared to lend money in such a way as to assist the government in a fiscal policy aimed at avoiding a depression.

I have far greater faith in credit unions and the ability of people who operate credit unions to lend money wisely at a smaller loss than I have even in our well-established chartered banks. I think that by bringing the credit unions into the same category as our chartered banks and giving them the same rights the government not only would be supporting the co-operative movement, a most valuable movement, but would have one additional and powerful means of avoiding a possible recession.

Mr. Abbott: I have listened with a great deal of interest to the statements that have been made by hon. members. I hope that my not dealing specifically with the points raised will not be considered necessarily as either approval or disapproval.

Mr. Knowles: We can always hope.

Mr. Abbott: I was contemplating making my major contribution to the debate on the motion for second reading and I can assure hon. members who have spoken that that contribution no doubt will be influenced by some of the views which have been voiced today.

Mr. Blackmore: Mr. Chairman, before the resolution carries I think it is fitting that we examine briefly the whole question of the impact of the banking system on Canada's economy. I should like to give some attention to the suggestion raised by the hon. member for Winnipeg North Centre and the hon. member for Assiniboia in respect of the necessity in their opinion of having government ownership of the banks to ensure that people will be able to borrow money when they need it.

I should like to ask the hon. member for Assiniboia if he had been running the banking system in Saskatchewan in 1932 and people had come to borrow money from his banks to produce more wheat, would he have loaned freely in order to produce additional wheat and bring down the wheat price still lower than it was in 1932, by increasing the production of wheat? Would he have loaned freely, bearing in mind that a great many of the people who wanted to borrow money would probably never be able to repay it with interest? Would he have loaned money, being quite certain that he would have incurred a loss for his government banks? Not by any means!

Those are two vital points in respect of banking and obtaining loans by ordinary people. May I submit that those are facts which my C.C.F. friends seem to overlook entirely. I do not know that I have ever seen a bank privately owned that would refuse to lend money on a good risk for a good purpose when it looked as though markets and prices were such that the bank in question had a chance to get its money back. I doubt very much that very many banks have been guilty of negligence in that respect. There may be some exceptions.

Fundamentally there is the point for consideration in respect of the question whether or not we should have government ownership of banks. Social Crediters maintain that we do not have to have banks government-owned to ensure desirable borrowing any more than we need to have our coal mines government-owned in order to have coal produced. If there is an effective demand for coal, if there is an effective demand for money, and it is profitable to produce, you will get money from privately owned banks just as you will get coal from the privately owned coal mines.

While we are discussing this matter let us go just a little further afield and see what it was that was wrong back in 1932. Between some time in 1929 and some time in 1933—I do not recall the dates—$900 million and more were withdrawn from circulation in Canada because the banks called in loans and refused to lend any further. The main reason why they called their loans and refused to lend further was that prices were down so low and markets were so poor that the banks had no certainty of making money.

What should we have done in 1932 had we been adequately managing the banking and financial system along with the economy? Here is a right good chance to ask ourselves that question.

Mr. Hansell: The C.C.F. won't have any answer.

Mr. Stewart (Winnipeg North): Obviously the answer is to put men to work.

Mr. Blackmore: How would you do that?

Mr. Stewart (Winnipeg North): By fiscal policy.

Mr. Blackmore: By what means?

Mr. Stewart (Winnipeg North): By building homes, by building schools, by building roads, by providing employment.

Mr. Blackmore: That is fine, but all those things cost money.

Mr. Stewart (Winnipeg North): Everything in life costs money, even Social Credit.

Mr. Blackmore: If you were administering the government where would you get that money? Where would you have got the money in 1932 if you had been in authority in Canada, as the Right Hon. R. B. Bennett was? Suppose you had had, also, absolute power, as he had not, what would you have done to build those houses and put people to work? There are many fine projects that everybody can think of; even a 10-year-old child can think of what to do if you can get the money.

The Social Crediters maintain that in a condition where you have surplus production —overproduction men called it, all during those years—what you in fact have is a lack of purchasing power, underconsumption. Where you have surplus production the nation can create money debt-free through the government—the minister of finance, against that surplus production—monetizing it, we call it. A nation can create money debt-free

as was done under the Finance Act of 1914 and of 1923. Anyone who doubts what I say can go and read the Finance Act of 1914 and of 1923. In the light of the cold facts pertaining to those acts I doubt that anyone will attempt to tell me that what I am suggesting is unsound or contrary to Canadian legal financial procedure all the way from 1868 to 1934. I will challenge any one of the C.C.F. wise men to do that.

We have a lot of men, in the C.C.F. and elsewhere, who can use general terms such as fiscal policy, terms that can mean almost anything under the sun, but when you come to pinpoint their proposals and get right down to see what they are going to do—

Mr. Stewart (Winnipeg North): I gave my hon. friend an example, build schools, build homes, build roads.

Mr. Blackmore: But what the hon. gentleman did not tell us is where he would get the money with which to do it. Is he going to borrow the money? While this may sound like a little discussion between two groups, fundamentally we are discussing vital points with which we may be faced with utmost painfulness in two or three years right in this parliament. If we do not do a little thinking-through now, before the pressure comes on, we shall not be in the slightest degree prepared to meet the exigencies of a depression when they come. If the C.C.F. movement suggests that the government borrow from the chartered banks the money with which to build the houses, roads, hospitals, schools and all those things which we all agree ought to be built, then that is one approach. But it is impossible to tax the people for money during a depression because they have just not got it.

Mr. Argue: Then print it.

Mr. Blackmore: That is going very far down the road to social credit but the social credit line is the right line, and it is the sensible attitude and approach.

If we can agree that printing money may be sound, then that would be some progress. The next question would be, how much can you safely print? How much do you need in circulation at any given time, when do you need it, and when you have printed it, how much do you put into circulation in any given area? And how?

If we are going to have a housing scheme or any of the other schemes, do we require to have our finance minister print the money, or might we better borrow printed money from the Bank of Canada at 2 per cent interest? Can someone tell me why we cannot borrow it from the Bank of Canada at the 2 per cent interest? I challenge any of the wise men of the Liberal party to tell me why we cannot so borrow it. When the Bank of Canada was established it was capable of taking one dollar of gold and printing four one dollar bills against that one dollar of gold, so that there was only 25 cents of gold backing every dollar bill. But the Bank of Canada at that time was not under the necessity within Canada of redeeming that money in gold because after the suspension of the gold redemption clause in 1933 no ordinary citizen could acquire gold. We should bear these things in mind.

Would someone who knows please tell me why the Bank of Canada could not now take one dollar gold pieces or even one dollar Canadian bonds and produce four one dollar bills on each of them, and loan that money to the government or any other agency in Canada at an interest rate of 2 per cent, especially when that interest would go back into government funds? That is a question which requires to be answered. I would ask my C.C.F. friends to answer that question not in vague general terms but in specific accurate technical terms which will stand up to examination. I am ready to discuss the question with them at any time either in public or in private, and I am also ready to discuss these fundamental principles with the Minister of Finance or any of his wise men.

Let us go back to the question which I raised a moment ago in connection with the sum of $900 million which was withdrawn in the early thirties by the banks calling in their loans and refusing to advance more loans. Why could not that money have been put back into circulation? It is probable that considerations as regards gold had something to do with it, but such considerations should not now have anything to do with the matter as far as I can see. It is a fundamental fact that banks will not lend money to people who are not creditworthy, but except such money is available with which the people can buy the goods and services and the surpluses which at the time exist, then even greater distress is caused, whereas if that purchasing power were available it would serve to bring prices back up and provide work.

I maintain that even if every bank in Canada had been publicly owned in 1932, including the chartered banks, they still would not have dared to lend money until something was righted in the economy. What required to be corrected in the economy? The purchasing power had to be put into the hands of the Canadian people to enable them to buy that surplus production which was then

available, depressing prices, closing factories, etc. Loans on the part of the banks would have created that purchasing power but no banker would lend the money. That money was there during the twenties and thirties, it was lying in the bankers' tills but it was not being used. Surely no sensible banker would welcome conditions such as that. He wants to lend money and he demonstrated that during the 1940's when we undertook war activities.

I suggest, Mr. Chairman, that if there is one thing the minister should do in regard to this act it is to concentrate his attention on how to manage the banking and financial system so as to make them serve the Canadian people in case we go into a depression. I would also suggest that the one thing which requires to be done in amending both the Bank of Canada Act and the Bank Act is to make provisions whereby adjustments can be made in banking and financial policy in Canada in order to meet the exigencies which will arise in case of a depression.

I have studied every financial measure now before the house and the country; I find no sign of any realization of the need for such a change. For that reason I contemplate our present banking legislation with considerable concern and anxiety. If I might make a specific suggestion I would ask the Minister of Finance in all earnestness —since this is probably the last time he will bring legislation of this kind before parliament—to make provision for the re-enacting of the Finance Act of 1923 as an instrument to be used to supplement the activities of the ordinary banking practices of the chartered banks and the Bank of Canada. If he would do that he would bring into this house and before this country today one of the most hopeful measures that could be contemplated at this time.

When the Bank of Canada Act was passed the Finance Act of 1923 was repealed, and the Finance Act of 1914 was repealed through the Finance Act of 1923. The greatest disservice that has been done to Canada in the past 75 years was done when the Finance Act of 1923 was repealed in 1934. We will never get back to a sound financial basis as far as our mechanics of finance are concerned until we re-enact the Finance Act of 1923 which will give the minister of finance the authority and the power to create money and put it into circulation.

The minister of finance had such power under the Finance Act of 1923 and he had authority to create that money against approved securities of a wide variety.

[Mr. Blackmore.]

In the case of the Finance Act of 1914 the minister exercised that power. As I have already this year pointed out, he created $50 million in 1917 and bought Canadian cattle and horses and other commodities and sent them to Britain on loan, greatly to the advantage of Britain and also to the advantage of Canada, and there was no flaw in that procedure.

Sir Thomas White in reviewing the whole matter in his memorandum of dissent, set out at page 85 of the report of the royal commission on banking and currency in Canada published in 1933, tells what remarkable things were done under the Finance Act of 1914 during world war I without inflation. That man went right through eight years during several of which that act was applied. That was the view of a great Conservative minister of finance. It was Hon. W. S. Fielding, the great Liberal finance minister, who caused the act to be re-enacted in 1923, at which time he said he was quite of the opinion that this act would have to become a permanent feature in the financial system of Canada. To my C.C.F. friends I suggest that all they need is the re-enactment of the Finance Act of 1923. Then if the banks will do their part, if the Bank of Canada will do its part and if a wise minister, with a wise government behind him, will use the Finance Act of 1923 re-enacted as a means of supplementing purchasing power, we can weather a fairly severe depression or we can even prevent a depression from coming on.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 338, respecting banks and banking.

Motion agreed to and bill read the first time.

PENSION ACT

AMENDMENTS TO PROVIDE FOR ADOPTED CHILDREN, CHANGES IN ADMINISTRATION, ETC.

The house resumed, from Wednesday, March 3, consideration in committee of the following resolution—Mr. Lapointe—Mr. Applewhaite in the chair:

That it is expedient to bring in a measure to amend the Pension Act to make provision for the payment of additional pension for legally adopted children; to extend the benefits of the act in certain other cases; to provide that the salaries of the chairman, deputy chairman and commissioners shall be fixed by the governor in council; and to provide further for certain changes in connection with the administration of the act.

Mr. Brooks: At six o'clock last night, Mr. Chairman, the minister had finished his

explanation of this resolution standing in his name. I wish to take this opportunity of thanking him for the explanation he gave. I think the material in the resolution will, with some exceptions, meet with the general approval of the members of the house and the veterans across the country. The subject matter will be better understood, of course, when we have the bill before us on second reading, at which time there will be further discussion. We have also been told by the minister that the bill is to be sent to the committee on veterans affairs which is to be set up.

Last night the minister told us that there would be no change in the basic rate of pensions. Whether or not this is necessary is possibly a matter that we need not discuss at the present time. However, there seems to be no great agitation at present for an increase in rate, if we are to judge from the brief which was submitted not long ago by the Canadian Legion to the government. This matter of increase in basic rate was attended to in 1952. At that time some of us thought that the increase was not as great as it should be. As you will recall, Mr. Chairman, there was an increase of 33⅓ per cent over and above the pension which had been set up in 1925.

The resolution is divided into a number of sections. The first section has to do with making provision for the payment of additional pension for legally adopted children. To many of us at different times it had seemed that there was here a rather anomalous situation. The children who were adopted before the pensioner received his pension for his disability were considered to be eligible for pension while those who were adopted subsequent to his receipt of pension were not considered to be eligible. This has been quite hard for a good many people to understand, particularly the pensioner involved.

It was contended, of course—and the minister mentioned this point last night—that there might be something wrong with the adoption, that the adoption procedure in years past was different from what it is at present, that there was danger of baby-farming and so on. I do not think there was too much danger of that as far as the veteran is concerned. As the minister has explained, under our present adoption laws in the various provinces in this country, this danger has certainly been obviated. My opinion is that the veteran at present—and the same would be true of the veteran in the past or the veteran in the future—if he adopts children, has one or more special reasons for doing so. I am sure the first reason would be that he and his wife like children. Probably they would be in the position where they had no children of their own and realized that a home without children is hardly a home at all. Another reason why the veteran and his wife would adopt children is that they wished to help out some child of their acquaintance who did not have a home, and wished to provide one for it. From experience with people I have known, veterans among others, I have found that often some near relative dies—for instance the father and mother of the children have passed away—and the children are adopted into the home of a brother, sister or some other relative.

As I said before, it was a rather anomalous situation which existed in the past and we are glad that it is being corrected. After all, when we look at the legal aspect of the matter in connection with adopted children, we find that, for instance, they receive the children's allowance and that, under the laws of this country, they have exactly the same legal rights as have other children in matters of inheritance and all other legal matters. The adoption laws in Canada are good despite some unsavoury situations which have arisen in the city of Montreal and other cities recently. We have encouraged adoption of children in this country. A thorough investigation is made to ascertain whether or not a home is fit for adopted children. All provinces have adopted a system whereby a child is not put in a home unless the people who ask for adoption are thoroughly investigated and are vouched for by suitable persons. The home surroundings and conditions are also thoroughly investigated. As I said a moment ago, I am sure there will be no objection at all to this change in our Pension Act.

The minister mentioned the section which deals with the helplessness allowance. I remember that in the committee of 1948, of which I was a member, this subject was fairly thoroughly discussed. At that time the helplessness allowance, which seemed to be and was insufficient, was increased to a minimum of $480 and a maximum of $1,400. At that time there were certain anomalous situations whereby different ranks seemed to be unfairly treated, but that situation was also cleared up to a certain extent. The reasons given by the minister last night I am sure will commend themselves to all of us, namely that many of these men in a helpless condition who are being cared for in their own homes are sent to an institution, and when they leave the institution and go back home

no provision is made for a helplessness allowance. This situation certainly should be corrected, and I am very glad indeed that the minister is doing so.

Another change is to advance the cut-off date as far as marriages are concerned. In the past I have heard this matter argued a good many times in committees. I have heard it argued that there should be no cut-off date, and I have heard very strong and, I think, convincing arguments that there should be a cut-off date. There is a cut-off date, and it is now being changed from 1951 to 1954. The minister mentioned that it was more or less a reflection on the women of this country. I am sure we all agree that the great majority of the women of Canada are what we expect them to be and what they should be. But there has always been a certain class of people known as "gold-diggers", and the purpose of the law is to protect even the old veteran against this type. I think it is well to have a cut-off date, but whether or not 1954 is the proper date will have to be discussed further in the committee.

I remember reading not long ago that in the United States there were widows of veterans of the civil war in that country, which ended in 1866, to whom the government was still paying pensions. The civil war was over almost a hundred years ago. We can benefit by the experience of the United States, and it is just as well to protect our treasury from situations of that kind. But of course very few veterans marry because they want to pass on a pension to someone else. Very often older veterans remarry because their first wives have passed away. They have no one to look after them, and they want to have someone who will take care of them in their old age. I think that type of marriage is a sensible one, and one for which we can very well make provision in the Pension Act.

The third point I wish to discuss has to do with the third provision in the resolution, which provides that the salaries of the chairman, deputy chairman and commissioners shall be fixed by the governor in council. So far as the Pension Act is concerned, this is certainly a drastic change from the existing provision. For the benefit of the committee I should like to read the section of the Pension Act which provides for the payment of the commissioners. It is section 3, subsection 11, and reads as follows:

> The chairman shall be paid a salary of twelve thousand dollars per annum, the deputy chairman shall be paid a salary of ten thousand dollars per annum, and each of the other commissioners, including ad hoc commissioners, shall be paid a salary at the rate of nine thousand dollars per annum; such salaries shall be paid monthly out of any unappropriated moneys forming part of the consolidated revenue fund of Canada.

This provision has been in the Pension Act since its inception in 1928. I am not going to discuss here whether the amounts paid to the chairman and other commissioners are too much or too little. That is not the question at all. This is a change in the principle with respect to payment, and any criticism I have of this provision has to do with the principle and not the amounts. In my opinion this is a matter which should receive the most careful and critical study. There are other acts in which salaries are set out. For instance, there is the War Veterans Allowance Act. I would ask the minister now whether it is the intention to similarly amend the War Veterans Allowance Act.

When an amendment of this kind is being made in the Pension Act I think that to be consistent the minister will have to submit a similar amendment to the War Veterans Allowance Act. If he is going to introduce such an amendment to the War Veterans Alowance Act I should like him to tell us now whether there will be other amendments to that act. Incidentally, so far as veterans legislation is concerned, in my opinion no act requires amendment today more than the War Veterans Allowance Act. The salaries of members of the tariff board, the board of transport commissioners and judges are set out in the pertinent legislation. If a precedent of this kind is to be established, then what is going to be done in these other cases? As far as the commissioners under the Pension Act are concerned, I say that they are more or less in the same category as judges. They hear evidence and judge whether or not the applicant for a pension is entitled to it. In that capacity they act in much the same way as judges, and salaries for judges are definitely set out in the Judges Act.

The action it is proposed to take now removes from parliament the right to set salaries. I think we have already gone too far in this direction. This provision will establish the right to set salaries by order in council. It is my opinion that it is time for a halt to be called to this practice. The more this precedent is followed the easier it will be to follow it. The practice has gone on for so long now that it has become easy for the cabinet or governor in council to assume a responsibility which is really a responsibility of parliament.

Although it is not altogether analogous, I might refer to the indemnities of members of parliament. We discussed Bill No. 171 at considerable length in the house. What sort of situation would we have if the governor

in council had the power to set the indemnities of members? What sort of situation would we have if under the Salaries Act the governor in council had the power to set the salaries of the different ministers? I just point this out to show what I consider is not a healthy situation, and one to which I think we would be justified in calling a halt. I am satisfied, also, that the people of this country do not want any further legislation of this kind. They want the parliament of Canada, the people they sent here, to look after these matters. They are tired and fed up with orders in council and with the governor in council assuming the role of representatives of the people.

There are other changes in the act mentioned by the minister which have reference to administration. I believe I would be fair in saying, Mr. Chairman, that the Pension Act has been and is being well administered. I have said before, and I repeat, that I consider the minister and his department have been very fortunate in having at the head of different branches in the Department of Veterans Affairs men who are good administrators and who, I believe, and know, have been doing a good job.

Whatever changes are made in the administration should and must have careful study. This will be done in the committee, because we have always had very careful study in our committee on veterans affairs. We have before the committee men from the different departments of government, and men from veterans organizations, and all the facts are placed before us. I do not think there should be any change in the administration unless it can be shown to us that those changes are entirely for the benefit of the veterans and their dependents. They are our first consideration. I am sure they are the first consideration of the Department of Veterans Affairs, as they are of all members of the House of Commons. Certainly they are deserving of first consideration by the people of this country.

If I may I should like to revert to the question of salaries. In his opening remarks yesterday the minister said:

> Mr. Chairman, in introducing this resolution I should like to state that the proposal to amend the Pension Act at this time does not arise from any changes in the basic rates of pensions paid to disabled veterans, nor does it depart from any of the major principles underlying this legislation.

I claim that this method of raising salaries of officials in the department is a departure from a major principle underlying this legislation. It is a principle that has been in the Pension Act ever since we have had a Pension Act; and it is there for reasons I have stated before and which I am sure will be stated by some of my colleagues in a better and more concise fashion at a later time.

In the light of these facts, Mr. Chairman, I should like to move an amendment to the resolution as introduced by the minister. I move, therefore, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

> That the resolution be amended by deleting all the words between the word "cases" in the fourth line, and the word "and" in the fifth line thereof.

Mr. Jones: Mr. Chairman, I do not wish to take up a great deal of time, but I think every veteran in Canada is pleased at the progress being made in eliminating some of the sore points in the Pension Act. I am convinced it is the minister's desire to eliminate all these sore points, and for that reason I should like to take just a moment or two to discuss a point that I think should be ironed out at this time.

In his speech the minister said that—

> —under the act as it exists today the wife of a pensioner who is in receipt of a pension of 50 per cent or over—that is, from 50 per cent to 100 per cent—automatically becomes the recipient of a widow's pension of $100.

I think that is fair and proper. However, I should like now to refer to a case that came to my attention recently. We will assume that a veteran is receiving a 55 per cent pension, and that upon his death his widow automatically receives $100 a month. However, if a veteran dies while receiving only a 48 per cent pension, the widow gets nothing at all—nothing whatsoever. To my mind this is unfair. In the case I have in mind the veteran had no other income. He and his wife lived on the 40 per cent pension, just managing to get along. Upon his death, however, the department turned down the widow's application for pension because the act would not permit it, the complete pension having been less than 50 per cent.

I would ask the minister to consider changing this part of the act under which the widow of a veteran receiving less than a 50 per cent pension receives nothing upon his death. I suggest it should be changed so that the widow would receive at least half the pension received jointly by the pensioner and his wife before his death. The widow should not be left with nothing whatsoever. The case I have in mind is too sad to repeat here, although I could give all the details.

I am sure however that similar situations are arising time and again across the country. Before the minister gives final approval to the bill I would ask that he give some support to those widows who are unfortunate enough

to be the widows of veterans who received pensions less than 50 per cent. It may be that those widows are more deserving than the widows of some pensioners who were on 100 per cent pensions. I trust the minister will bear these facts in mind when we proceed further with the bill.

Mr. Thomas: Mr. Chairman, I am sure veterans organizations across Canada will be glad to see this legislation on the order paper, although I am sure some of them will regret that no increases have been mentioned. However, as was pointed out by the hon. member for Royal, there has not been a great deal of pressure put on in the last while in the matter of increases.

The move to place adopted children under the act is in my opinion one of the most important amendments made thus far, because the presence of children in a home is one of the greatest safeguards we could have against neuroses. Undoubtedly their presence would save a great deal of psychiatric treatment that has been found necessary in veterans hospitals. The same observation would apply to people in general, because persons with growing families do not have time to become neurotic.

The hon. member for Royal mentioned the fact that many people like to give homes to children who have no homes. It is a commendable thing, but there is no doubt in the world that no matter how much people can give to adopted children, the children can give them far more. I do think that childless veterans should be encouraged to take children rather than discouraged. Undoubtedly it would help the peace of mind of many childless veterans, and as I said a moment ago the result would be that the government would save a great deal in the long run in hospital care of some of the so-called neurotic cases.

As for the cut-off date, the minister said it was a precaution against deathbed marriages. If it is a precaution I wonder why they keep advancing the cut-off date by three years at the end of every three years. Apparently they have not had too much trouble in that respect or they would not have been advancing the date at the end of the three-year period. If that is so, perhaps the cut-off date is not necessary and other precautions are necessary. We might be able to find some better way of doing it. All the veterans across Canada will welcome the change with regard to the helplessness allowance. I know of several cases where hardship was inflicted on some of the veterans when they were taken off the helplessness allowance.

As for the cabinet taking over the responsibility for altering the salaries of the commission, I do not find too much fault with that. I have always been against order in council government, or the taking of too much power or responsibility by the cabinet. But in this case I do think there might possibly be a reason for a certain amount of flexibility. And although, as I say, I am against the principle of the cabinet taking more and more responsibility and more and more power out of the hands of parliament, I have no particular quarrel with this instance. After all, we are going to have the opportunity to discuss these things on the estimates.

When this bill is sent to the veterans committee, as the minister indicated it would be, I hope the committee will be allowed to dig into the Pension Act, to discuss it thoroughly with the members and with the various veterans' organizations, and that we shall not be held too closely to the amendments brought forward in the bill. We welcome it, but we hope that we shall have an opportunity to dig into the Pension Act as a whole rather than be confined to the amendments in the bill.

Mr. Philpott: I want to say a few words against this amendment and in support of the resolution. It seems to me that some parts of this resolution are extremely important. For years Canada has had the finest veterans' legislation in the entire world, and there are a good many members in this house who have watched the developments over the years and the improvements that we have gradually been able to get who are well aware that that is a fact. That is owing not only to members of one party but to members of all parties. We started out with a not too bad act in the beginning, but we gradually improved it as the years went by owing to the fact that veterans' measures were never considered to be partisan measures in this house, or for that matter in the country.

I for one was very gratified when I heard that there was to be another veterans' committee at this session of parliament. My observation, for what it is worth, is that if it runs true to form of past committees, then the committee will not have any difficulty in finding ways and means of discussing pretty nearly anything that it wants to discuss.

Today I want to mention two particular points. It seems to me that the change in the law to make orphans eligible, on the same basis as other children, for the benefits of the act is one of the finest things ever

done in this House of Commons. I for one entirely approve the sentiments expressed last week by the hon. member for Burnaby-Coquitlam when he suggested that this country, Canada, was big enough and strong enough to be made a haven for all of the homeless orphans that there were anywhere in the world who would be able to grow up in good health and become citizens and assets of Canada. It seems to me that this small piece of legislation that we are now dealing with is symbolic. It may not be a very important thing, and certainly is not a very important thing from the point of view of money, to pass a small amendment to the Pension Act so that orphan children who are legally adopted shall be on the same basis as natural-born children.

As one who in his own modest way has tried for a good long while to have this particular change made, and one who knows a number of families who have gone to the trouble of taking on the care of children not their own, I say that this is a very great thing indeed and deserves the support of the house.

With regard to the rest of the resolution having to do with the fixing of salaries and that kind of thing, I could not care less, because I have every confidence in this government that it will fix the right salaries. If they are to be fixed by the governor in council, it seems to me that that should be all right with this house and all right with the country. We now have the best veterans legislation in the world. I think it is the aim of every hon. member on all sides of the house to keep it that way.

Mr. White (Hastings-Frontenac): I just wish to say a word before the resolution passes. I concur in the remarks of the hon. member for Royal and in what was said by the hon. member for Okanagan Boundary. I hope that the minister will say something before the resolution passes about the point raised by that hon. member with regard to the widows of pensioners who receive 50 per cent and over and of the pensioners who receive less than 50 per cent. Perhaps the minister can say why and how it was arrived at that the widow of a pensioner who got more than 50 per cent was entitled to a pension, whereas the widow of a pensioner who received less than 50 per cent was entitled to no pension. The only instance of any explanation that I can recall was that someone in the department made the statement that it was put at 50 per cent so that all application cases would be covered. I think the minister will agree that there are many cases where the widow of a pensioner who is receiving less than 50 per cent pension needs that pension far more after the pensioner dies than she did during the lifetime of her husband.

I hope that the minister has carefully read —I know he has—the brief submitted by the Canadian Legion, and that his attention has been drawn to the few clauses that deal with the Pension Act, especially section 11 (1) (a), which reads as follows:

> Pensions shall be awarded in accordance with the rates set out in schedule A to this act to or in respect of members of the forces when the injury or disease or aggravation thereof resulting in the disability in respect of which the application for pension is made was attributable to or was incurred during such military service.

The minister is well aware that there are many cases that come before the pension commission in which it is found that the disability was pre-enlistment, that it was not aggravated by war service or was wilfully concealed. The comment made by the Legion in their brief is fair and clear and it expresses better than I could the reasons why the government should adopt a different position. They say at page 9:

> That section 11 (1) (a) of the Pension Act be amended so that, where a pension applicant who served in an actual theatre of war is found to have disability resulting from an injury or a disease not recorded on his medical examination made on his enlistment, such injury or disease shall be presumed to have occurred or had its inception subsequent to enlistment.

I do not think the minister or any hon. member can quarrel with that suggestion. As the minister is well aware, a soldier is examined by the army's capable and competent medical staff. He is given an X-ray and is marked fit and eligible for service. Surely it is not too much to expect that any injury or disability resulting later on should be attributed to his war service. I should like to direct the attention of the minister to a question of mine which was answered yesterday by the Minister of National Revenue. The question and the answer follow:

> Is a pension payable to a widow of a member of the forces under the provisions of the Pension Act capitalized for succession duty purposes?
>
> Mr. McCann: I shall answer this question orally. The answer is yes.

I think that answer will come as a great surprise to many members of the house, certainly to veteran members. As everyone knows, a pension is not subject to income tax and it seems to me that the widow of any Canadian killed in action should not have her pension capitalized and have to pay succession duties to the provincial and federal governments.

I should like to ask the minister what would happen where a pension is capitalized, the succession duty paid and the widow then

remarries. Under the provisions of the act the pension is cancelled and she receives a lump sum equivalent to the pension for one year. It seems to me that this creates a serious difficulty and I would be interested in having the minister explain just what would happen in such a case. I am sure that the number of cases where succession duties would be payable would be quite small. I have spoken to members of the legal profession who have had much to do with the Pension Act and they tell me they have never yet known where an estate of this kind was large enough to be subject to succession duties. I am sure that if the minister gives this his usual careful consideration he will agree that a pension payable to a widow should not be capitalized for succession duty purposes.

Mr. Gillis: Mr. Chairman, I am not going to debate the subject matter of this resolution because if we were to do that there would not be any necessity for a committee. I have my own opinion as to the changes that are proposed. I emphatically do not agree with the amendment proposed. I am sure the hon. member for Royal will agree that the committee which is to consider the proposed bill should have the right to consider a matter as important as this and debate it in committee. It deserves more consideration than we could give it here. If any amendment of that kind is indicated, it should be after due consideration in committee. I am going to vote against the amendment and I make that statement after consultation with other members of this group who are particularly interested in veterans affairs, including the hon. member for Kootenay West, who is under doctor's orders not to get excited at the present time.

I wanted to let the hon. member for Royal know that, because I think on further consideration he will agree that members of the committee should have an opportunity to debate the desirability of the governor in council setting the salaries of the chairman, the deputy chairman and members of the commission, or whether that should be done by the House of Commons. It is a debatable subject and I think it should be considered by the committee.

Dealing with the resolution itself, there is not very much in the Pension Act that could not be discussed under its terms. As I read it, you could bring in almost anything as they are proposing amendments in the administration of the act. While it sets out specifically one or two instances in which the act is going to be amended, it says also "in certain other cases", which would mean that we would not be restricted very much in our discussions of the Pension Act as such.

I am not going to say very much on the question of the cut-off date for veterans of world war I, as to when a veteran's wife may be considered for pension purposes. I would imagine that there comes a time in a man's life when he needs a nurse more than he does a wife. We can roll this around a bit when we are in committee.

If the matter raised by the hon. member for Okanagan Boundary has not been considered already in connection with other matters, it might be amended in the committee. The widow of a deceased serviceman is protected if his pension was 50 per cent or higher, but if it was 49 per cent, 25 per cent or 10 per cent she has no continuing right. I have always considered that that was an injustice. If a man was 40 per cent disabled his widow had to live with him while he was thus handicapped all his life. Most of them do not save very much money. When such a man passes away the widow receives a lump sum equivalent to a year's pension and that is all. Many of them are in the age group where they cannot work any more and they cannot get old age security or qualify for old age assistance. They are pretty pathetic figures, and while the pension is paid for the handicap suffered by the veteran himself, nevertheless that woman who has spent a greater part of her life living with him also shared that handicap, and whether the figure is 10, 20 or 40 per cent I do not believe it is asking too much to suggest that the government should continue with her share of the pension at the agreed percentage until such time as she passes away. That at least would provide here with some assistance instead of leaving her completely destitute, as any widow would be who has not a continuing right under that act. I would suggest the minister give some consideration to that angle.

There are many things we can discuss in that committee and I rose, Mr. Chairman, to indicate that I cannot support that amendment, because I think any amendments which might be made to this resolution or to the bill can more properly be made in committee after due consideration by members of that committee. My experience with that committee over the years has been that it is pretty sensible, very reasonable, and rather flexible as far as committees are concerned, and it is my hope that the minister will allow us to push him around this time, do important things in this committee, and have features injected into that bill which he does not anticipate at the present time.

Mr. Green: Mr. Chairman, this resolution forecasts certain amendments to the Pension Act. I will not go over these proposed

amendments in detail because they have already been discussed by several hon. members.

The first seeks to make provision for children who have been legally adopted, and I believe that would be a very good move, and a move in fact which has been advocated for some years.

The second amendment advances the cut-off date for the marriage of pensioned veterans of world war I. We have extended that date on different occasions; indeed, I believe every time there has been a special committee on veterans affairs. That amendment to the act is also praiseworthy.

Then we have a provision for increasing the helplessness allowances, and that too is a provision which, I believe, will meet with unanimous support.

The fourth amendment dealt with by the minister relates to changes which will facilitate the administration of the act. Apparently there are some changes to be made which will facilitate the handling of administrative problems and streamline the administrative machinery. We really cannot say very much about that until we know what these changes are.

The fifth amendment deals with the question of salaries to commissioners. I shall deal with that in a little more detail in a moment or two, but meantime I would ask the minister to make it quite clear when he replies whether the special committee on veterans affairs is to be permitted to consider any part of the Pension Act.

The government notice of motion calling for the setting up of the committee is to be found at page 11 of routine proceedings and hon. members will notice that the motion refers to certain bills which have already been passed, namely the bill to amend the War Service Grants Act and a bill respecting benefits for members of the Canadian forces, and then it goes on, and these are the words I wish to stress, "such other legislation relating to veterans affairs as may be referred from time to time to the said committee."

I have had the privilege of serving on every special committee on veterans affairs since 1935 and there have been times when the minister, or the chairman of the committee acting for the minister, has taken the stand that the committee could not consider anything beyond the terms of reference. I am afraid that if this notice of motion setting up a committee is passed in the terms in which it now stands, when we try to raise some of these questions which have been raised on the floor today we will be met with the reply, from whoever happens to be chairman, that they are not contained in the bill. "You can deal only with the sections in regard to adopted children, the extension of the deadline, helplessness allowances and salaries, and anything else is out," we will be told.

That has actually happened in the committee on more than one occasion, and I think the minister owes it to the house to make it quite clear today whether he will permit that special committee to deal with anything arising under the Pension Act.

Reverting to the question of the salaries of commissioners and the amendment moved by my very good friend the hon. member for Royal, hon. members will notice that that amendment seeks to strike out of the resolution the words "to provide that the salaries of the chairman, deputy chairman and commissioners shall be fixed by the governor in council."

That amendment brings up two questions and they are questions which cannot be ignored by this house. The first relates to the independence of the Canadian pension commission; the second to the supremacy of parliament as distinguished from the cabinet. I was somewhat surprised to hear my old friend the hon. member for Vancouver South say that he could not care less what was done about this amendment, and he could not care less how these salaries were handled. These two vital principles are principles about which he has been writing in his column for a good many years. I repeat them again: the independence of the Canadian pension commission and the supremacy of parliament.

Why do I stress these two points? Let us look back at this pension legislation. The Canadian pension commission was set up in 1919 under the original Pension Act of Canada. At that time they were called the board of pension commissioners. Provision was made in that original statute for the appointment of a chairman and, I believe, two commissioners. The chairman was to be paid a salary of $7,000 and there was a salary of $5,000 for each of the ordinary commissioners. They were appointed for a set term and they were not subject to change except for cause. Furthermore, the commission was given the widest jurisdiction quite purposely from the start, and that was 35 years ago. It was set up as an independent judicial body in just the same way as our board of transport commissioners was set up, and I suggest in just the same way as the judiciary of Canada was set up. That was the original provision made for a body in Canada to deal with pensions to veterans.

That original charter is of great importance to the veterans of Canada today. They do not want a commission that is subject to pressure by the cabinet. There is no protection at all left for the veterans of Canada if the pension commission is not to be an independent body functioning in a judicial way. The commission was not made part of a department. Under the original legislation it was attached to a department. If hon. members will turn to the Pension Act as it stands today—it is chapter 207 of the Revised Statutes of Canada, 1952—they will find that that provision is still in the act. Section 4 reads as follows:

> The commission shall be attached to the department and the expenses required to be incurred for the discharge of its duties shall be paid out of the moneys provided by parliament.

There have been changes in salary. In 1920 the salary of the ordinary commissioners was increased from $5,000 to $6,000. In 1946 the salary of the chairman was raised from $7,000 to $9,000 and provision was made for the deputy chairman to get $7,500 a year and the ordinary commissioners $7,000. Less than three years ago, in 1951, there was another increase. The salary of the chairman was set at $12,000 a year, that of the deputy chairman at $10,000 a year, and that of the ordinary commissioner at $9,000. In each case those changes—certainly since I have been here—were made in the shape of an amendment to the act. There was none of this business of the cabinet making the increase. The changes were made by amendment to the act. The Legion and the national council could come before the special committee on veterans affairs and make representations and there was not any hole-and-corner business about it at all. It was all handled just in the same way we would handle an increase in the salaries of our judges.

The fixed term has now been extended to 10 years. A commissioner holds office during good behaviour for that period and can only be removed for cause by the governor in council. The jurisdiction of the commission is contained in section 5 of the act. I will read the first subsection because it indicates just how wide the jurisdiction is at the present time and how independent this commission is supposed to be. Subsection 1 reads as follows:

> Subject to the provisions of this act and of any regulations, the commission has full and unrestricted power and authority and exclusive jurisdiction to deal with and adjudicate upon all matters and questions relating to the award, increase, decrease, suspension or cancellation of any pension under this act and to the recovery of any overpayment that may have been made; and effect shall be given by the department and the comptroller of the treasury to the decisions of the commission.

What is the meaning of a change such as that which is proposed by the minister? In the first place, I suggest to the members of the cabinet that the commissioners are entitled to have statutory protection in the matter of their salaries. If the minister's change goes through, then the cabinet can reduce the salary of a commissioner if they so wish. They can pay one commissioner $9,000 and another commissioner $10,000. This change puts the commissioners completely under the thumb of the cabinet. That situation is exactly what was being avoided right from the start of this pension legislation. Then on the other hand, if the change is to be used for giving an increase to the commissioners, there again you have the commissioners under the thumb of the cabinet. As a matter of fact the minister explained clearly that increasing the salaries is what he had in mind. In his remarks, as reported at page 2646 of *Hansard*, he said:

> Finally, as the resolution specifies, it is intended to introduce an amendment to permit the salaries of the members of the pension commission to be determined by the governor in council rather than by statute as it exists at the present time. This is really for the purpose of permitting, when it is felt that increases are justified, the commissioners to be adequately compensated without it being necessary to introduce a bill.

That change again puts the commissioners right under the thumb of the cabinet. Why was the board of transport commissioners set up in the other way? Why is it that their salaries are set out in the Railway Act? The reason is, for the one purpose of going as far as possible to make them an independent body. Why do we have our judges' salaries set by statute rather than by the cabinet? Again for the same reason, namely to make the judges of this land independent. If a change such as that which is now sought by the minister is made in the Pension Act, there is no reason whatever why the legislation governing judges' salaries should not be changed so that those salaries also should be set by the cabinet.

I repeat that my first point is that this change strikes at the independence of the Canadian pension commission and that that is a retrograde step of the worst kind. Then, Mr. Chairman, it strikes at the supremacy of parliament. Sometimes I wonder whether the cabinet have any ideas left at all of the importance of parliament, as they are always so ready to belittle parliament or to evade parliament. That is exactly what a change of this kind is doing.

The minister said, "Oh, we will have a chance to have a vote when the estimates are considered". How is that done? A vote is brought in and discussed in the chamber; maybe it is brought forward in the last day or two of the session when there is no adequate opportunity for discussing any vote. It is not considered at all in the other place; these votes are not gone over in that place. On the other hand, if a change has to be made by legislation, there is the opportunity to have it discussed at the resolution stage, as is being done at present; again on second reading; again when the house is in committee of the whole; and again, if necessary, on third reading. There is all the difference in the world between the effectiveness of parliament in passing a vote in the estimates and its effectiveness in passing an amendment to a bill. This change certainly takes away power from parliament. It is another example of order-in-council government. These salaries are to be set by order in council. I am surprised to hear my friend of the C.C.F. arguing in favour of order-in-council government.

Mr. Gillis: I rise on a point of order, Mr. Chairman. I do not want the hon. member for Vancouver-Quadra to put words into anybody's mouth. Nobody over here argued in favour of that proposal. I questioned the tactic of proposing the amendment here because a decision in the house will militate against any decision in that committee. The hon. member for Vancouver-Quadra knows that the place to amend this is in committee. Nobody argued in favour of that proposal.

Mr. Green: Mr. Chairman, I submit that is not a point of order. The answer to that suggestion is this. This question involves the rights of parliament. Here we have at stake the supremacy of parliament; and the place to deal with that matter is right here and not in the special committee on veterans affairs.

Mr. Gillis: Why send it to the committee?

Mr. Green: The special committee on veterans affairs never had any trouble in dealing with questions that were referred to it, and it will not have any trouble on this occasion. But this question goes a whole lot further than the question of veterans affairs. Here you have a clear belittling of the Canadian parliament. I repeat that I am surprised that members of the C.C.F. and Social Credit parties should vote against an amendment which seeks to retain the supremacy of parliament. I can only suggest that perhaps they do not understand what they are doing.

An hon. Member: You do not know what you are talking about.

An hon. Member: Get the stiletto out.

Mr. Green: It is pretty obvious that the shoe is fitting somebody. I repeat in all seriousness that this amendment brings up two vital questions, the independence of the Canadian pension commission and the supremacy of parliament. I would hope that the house would realize the importance of these two questions and vote to support the amendment.

Mr. Macdonnell: I want to add a word to what has been said by the hon. member for Vancouver-Quadra. As he said, this is just another instance of what we are getting so accustomed to, things being taken away from parliament. Many of us have been sitting long hours in the banking and commerce committee studying the housing bill. There we have been faced with the fact that the real meat of the bill, at any rate a very substantial part of it, namely, the regulations, is not available to us in our study. To a certain extent it is like having the play without Hamlet. We have to vote on it without knowing what is in it.

I also want to add that we have become more or less accustomed to the government cracking the whip in the house. We are getting used to it. It is painful, but nevertheless we have to put up with it. But if a matter is decided in the house there is at least the publicity, and the chance that the public will step in as they occasionally do. There have been one or two instances in the last year or two when the public have asserted themselves and when the government has had to go into reverse.

But the government is not content with the power to do things in the house, to trample on us here. They say that is not enough. Now they are going one step further, they are going to exercise power in secret, so that no one will know anything about it until it has been done.

The public will know nothing about it, the house will know nothing about it, and we will be faced with an accomplished fact. Of course it is infinitely more difficult to reverse an action which has been taken than it is when a matter comes before the house still in the formative stage. I merely wished to add a word to what the hon. member for Vancouver-Quadra has said. This is a matter of regret to me, and I think it is a most serious matter that the majority of members of the house do not appear to take it seriously and are willing to allow the rights of parliament to be eroded more and more and more.

Mr. Knowles: Mr. Chairman, first I want to say a brief word with respect to the matters that may be covered by the bill other than the one which is now receiving the greatest amount of attention. With regard to those other items, I support those who have expressed the hope that there will be a change with respect to the point at which the pension is continued to the widow in the event of the death of the veteran. As others have pointed out, it does seem most unfair that the line is drawn where it is and that widows of veterans on a 40 per cent pension are cut off completely whereas at 50 per cent the full widow's pension follows automatically. I realize it is argued that a line has to be drawn somewhere but from my experience it seems to me that the figure of 50 per cent certainly must be lowered, and I hope something will be done about that matter.

With respect to the issue which is receiving considerable attention just now, I want to make my position clear. I might also say that I do not think the hon. member for Cape Breton South needs anyone to speak for him in the house. He has established his ability to do that throughout the years, but I think that he has been misunderstood and perhaps misinterpreted by the hon. member for Vancouver-Quadra. The hon. member for Cape Breton South—and he can certainly correct me if I do not state his position aright—was not expressing his view with respect to the substance of the matter as to whether or not the salaries of the commissioners should be set by statute or by the governor in council, but rather he was expressing his view on the strategy employed by the hon. member for Royal in introducing an amendment at this time.

As I understand it, the hon. member for Cape Breton South fears, and he has been around here long enough to have fears of this kind, that if the amendment is voted on in this committee and is defeated, then when an attempt is made in the special committee on veterans affairs to have a change made in that section of the bill Liberal members will rise and say that the house endorsed the principle of the proposed change in the vote on the amendment of the hon. member for Royal.

Mr. Brooks: A pretty weak argument.

Mr. Gillis: That is exactly correct.

Mr. Knowles: I submit the hon. member for Cape Breton South is entitled to that approach and that it should not be misinterpreted. As for the substance of the issue before us, I have not discussed the matter with the hon. member for Cape Breton South to know where he stands on it, but I think I do. I certainly know where I stand. This change should not be made, and I shall vote accordingly. In my view the supremacy of parliament should be maintained and the independence of the members of the Canadian pension commission from the cabinet should be maintained. Therefore we should not have the change in the Pension Act foreshadowed in the resolution now before us.

I thoroughly agree with those who have argued that the change should not be made, and I am as strongly opposed to it as I can possibly be. Indeed, there has been far too much moving in this direction across the years. I cannot for the moment think of all the examples, but if I took the time to look them up I am sure I could find half a dozen in the last number of years where the basis of salaries formerly fixed by statute has been changed so that they are now fixed by the governor in council. I deplore very much a move in that direction both because I think it is unfair to the commissioners themselves and because I think it is unfair to parliament. Whatever happens to the amendment now before the committee—and I shall vote for it—I certainly hope that the government will reconsider the matter. If the amendment comes to a vote, we all know what will happen. The amendment was moved on the opposition side of the house and so the government members, including the hon. member for Vancouver South who in his column used to believe in the independence of parliament, will stand up and vote against it. Therefore the amendment will be defeated. Despite that fact I hope—

Mr. Philpott: Mr. Chairman, on a question of privilege, if and when the opposition ever moves anything that my intelligence and independence tell me is worth supporting I shall be glad to support it.

Mr. Knowles: The hon. member is trying to lapse into his columnist days. I suggest to the government that, despite what may happen on this vote, they should reconsider this aspect of the proposed bill and decide that this change should not be made. I urge very strongly that the change placing these salaries on a basis such that they will be set by the cabinet should not be made.

Mr. Macdonnell: Back your opinion by your vote.

Mr. Knowles: I certainly will.

Mr. Diefenbaker: Mr. Chairman, I have but a very few words to say in regard to this

matter, in so far as the legislation consists of changes to be made in the Pension Act itself. I do agree with the representations that have been made by the hon. member for Royal and by succeeding members who followed him in the debate, that a change should be made at this time, and is long overdue, when a widow of a pensioner receiving less than 50 per cent disability pension is denied any pension or any share of the pension after his decease.

With regard to the other matters which will be included in the measure to be introduced, those are matters that deserve the attention and the consideration of the House of Commons. For there is one matter that does deserve attention, one that was dealt with at length by the hon. member for Vancouver-Quadra. It is the tendency, the trend on the part of this government, to centralize authority in the cabinet. And with that trend goes the inevitable litter of orders in council.

In the 14 years I have been in the house I have noticed a continuing trend, a trend under which the centre of gravity of legislation has shifted from the House of Commons to the cabinet, and to departmental heads. Year by year parliament becomes less of a governing council and more of a censor of executive acts. And we have even arrived at the point where one of the newer ministers, the Secretary of State, has made outside parliament a speech in which he has set forth in detail the degree to which parliament should be entitled to information. He gave it as his considered opinion that there were many matters upon which parliament did not deserve information. In the words he spoke the other night in his speech he indicated the attitude on the part of this government, one which has been apparent in the trend that has accelerated in recent years.

Parliamentary supremacy with an overwhelming government majority has become a memory and a fiction, with nothing left to parliament but the right to fulminate against the trend that is taking place.

I was very surprised at the stand taken by the hon. member for Vancouver South because, through the years, on many occasions his remarks in his column have been quoted in the House of Commons as championing the supremacy of parliament as against centralization of power in the hands of the cabinet.

An hon. Member: Now he is on the government side.

Mr. Diefenbaker: Well, I have nothing to say regarding that—although it is amazing when one realizes the regimentation of opinion that does take place with the coincidence of election to parliament.

Mr. Harris: On either side.

Mr. Diefenbaker: Parliament, docile and stagnant—we wonder sometimes why there are so few members in daily attendance. Well, one of the reasons is that, after all, we have become nothing more than a sounding board to legislate and to put through whatever the government decides is for the benefit of the country.

I cannot mention any recent examples; but when members were given their freedom from regimentation to vote on legislation, it was amazingly interesting to watch that vote when one after the other supported the stand taken by the cabinet. I am going to quote from Keeton's book "The Passing of Parliament", and a statement delivered in the British House of Commons on October 23, 1950, upon which occasion the Liberal leader in the British house said this:

> It was sad to see how little interest was being taken in a matter that concerned the sovereignty of parliament by members of all parties. During the last thirty years the tendency had been to surrender back to the executive powers that had been won from them over the centuries. There was a tendency to initiate a new judicial power, to create administrative laws, making the executive to a large extent judges in their own case. The sovereignty of parliament was threatened. All the time we were being called on to surrender more and more of our rights and privileges to the government of the day. This continuous erosion was far more dangerous to liberty than any attack from the other side. We were awake to that and could resist it, but the drip, drip, drip of erosion was more likely to destroy the house.

In this country it is no longer a drip. Week after week parliament is asked to surrender its power, to give up its supremacy. What is the minister's explanation for placing the pension board as a pawn in the hands of the government in the manner outlined by the hon. member for Vancouver-Quadra? What is his explanation for this change? The minister said:

> Finally, as the resolution specifies, it is intended to introduce an amendment to permit the salaries of the members of the pension commission to be determined by the governor in council rather than by statute as it exists at the present time.

Wherein is the statute found ineffectual? Wherein have members of the pension board found themselves paid in lower brackets than otherwise would have been the case but for the statute? And then we have this further explanation by the minister:

> This is really for the purpose of permitting, when it is felt that increases are justified, the commissioners to be adequately compensated, without it being necessary to introduce a bill.

Just another surrender to the all-knowing, all-powerful government. Certainly I feel the amendment introduced by the hon. member for Royal had to be introduced at the resolution stage. Where else could it be introduced? Where else could parliament speak—in a committee composed of 25 or 30 members? It is a matter that affects all parliament, every member in the House of Commons. It is a matter that must be voted upon by the House of Commons as a whole.

I have mentioned order-in-council government, and the power of the governor in council. I have here an example, one that has nothing to do with pensions, but which indicates this trend to which the hon. member for Vancouver-Quadra directed our attention so effectively a while ago. I am going to refer to it because it is a recent example of the sort of thing the governor in council will do if parliament empowers him to do it. When Newfoundland entered confederation, one of the terms in the government white paper entitled "Conference Series 1948 No. 2" was this, dealing with the sales tax on oleomargarine:

> The Canadian government will be prepared to submit to parliament legislation designed to exempt oleomargarine sold in Newfoundland from the federal sales tax, in the same manner as basic foodstuffs in other parts of Canada.

That was the undertaking. Today in Newfoundland oleomargarine has no sales tax, because of the fact that the government used the power that it has under order in council. Instead of bringing the matter before parliament they took the back-door method of the order in council, and passed an order in council to the effect that there be a refund of sales tax paid by manufacturers.

Mr. Harris: On a point of order; I do not think my hon. friend realizes that we are about to be summoned to the other place. I suggest that if he desires to finish his remarks on the point at issue he might avoid these particular points which have nothing to do with the case we are discussing.

Mr. Diefenbaker: I am giving examples of this dangerous trend.

The Chairman: Is the committee ready for the question?

Some hon. Members: No.

Mr. Diefenbaker: Mr. Chairman, I am placing before the committee a recent example of how this cabinet, once it secures power from parliament, uses it in a back-door way against parliament.

The Chairman: Order. I have been listening with considerable interest to the remarks of the hon. member and I have no wish to interrupt him when he is giving an example, but I think the example should be short and he should now proceed with his main point.

Mr. Harris: May I raise a point of order again? With all respect to you, Mr. Chairman, my hon. friend is referring to the passage of an order in council under the Emergency Powers Act. There is nothing in this resolution to suggest that that can be used in connection with pensions—

Mr. Diefenbaker: That indicates how far removed even the minister is from the facts. I did not say it was an order passed under the Emergency Powers Act. As a matter of fact, apparently he did not know about this back-door method himself. It was passed under the Financial Administration Act.

The Chairman: Order. The hon. member will realize that we are discussing in committee a certain proposed resolution to amend the Pension Act. The terms of the resolution are somewhat broad, and it is difficult for the Chair to determine questions of relevancy. Nevertheless I must rule that a discussion, for instance, on oleomargarine would not come within the terms of this resolution.

Mr. Diefenbaker: All right. I simply conclude my remarks by saying that the resolution contains many things that parliament will support and should support, but included in it is another of those subterranean removals of the power of parliament and an increase of the power of the cabinet over parliament. I intend to support the amendment moved by the hon. member for Royal.

Some hon. Members: Question.

Mr. Fraser (Peterborough): I feel that I should say a word on this, not that the chairman and the commissioners of the pension board are getting enough. I have often said in this house, and I said it especially with respect to the film board, that they should engage men and pay them good salaries; they should obtain good executives and give them good salaries. That is why I am on my feet at the present time. Over three years ago I asked the minister who is responsible for the film board whether the man that they had engaged would, inside of three years, be offered a diplomatic post.

Some hon. Members: Order.

Mr. Fraser (Peterborough): He said no.

The Chairman: Order.

Mr. Fraser (Peterborough): It has something to do with it.

The Chairman: Order. Will the hon. member resume his seat? The hon. member who

was in the chamber knows that I interrupted the previous speaker, and he will realize that the remarks which he is making now have no bearing on the resolution which is before us and which concerns the Pension Act. I must ask him to confine his remarks to the resolution.

Mr. Fraser (Peterborough): I am confining them to the resolution, Mr. Chairman. This has to do with the resolution. The resolution says that the governor in council will decide what salaries will be paid. What I am getting at is this. In the other case they decided just what the salary was going to be without authority from parliament. Three years before this man retired they decided just exactly what he was going to get, and he got a diplomatic post, after the minister said he was not going to get it.

The Chairman: Order. I hope the hon. member will agree that these remarks are not within the scope of the resolution before us.

Mr. Fraser (Peterborough): It has to do with the same thing, because in that case the governor in council, and that means the cabinet, decided exactly what was going to happen, and they decided three years ahead of time.

Mr. Winters: As a matter of privilege, let me say that that is not correct.

Mr. Fraser (Peterborough): Why was it that exactly three years after it happened he got the post?

The Chairman: Order. Really, I cannot allow this discussion to continue. We must confine ourselves to the discussion of the resolution having to do with the Pension Act.

Mr. Fraser (Peterborough): All I am trying to show is that I said three years before it happened that it would happen. It did happen, even if the minister says it did not, and the cabinet decided three years before what was going to take place.

Some hon. Members: Question.

The Chairman: Is the house ready for the question?

Amendment negatived: Yeas, 41; nays, 66.

Resolution reported, read the second time and concurred in.

Mr. Lapointe thereupon moved for leave to introduce Bill No. 339, to amend the Pension Act.

Motion agreed to and bill read the first time.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

Mr. MacLean: There are some remarks I wish to make in regard to this item. Before I commence my remarks I should like to observe that I have been very much impressed with the debate that has already taken place in regard to this item. I think that a real contribution has been made.

Mr. Knowles: Here comes another one.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

An act for the relief of Dorothy Ann Stuart Story McKenna.
An act for the relief of Joyce Tulloch Foley.
An act for the relief of Ruth Annie Ricketts Perrett.
An act for the relief of Elizabeth Harriet Wyburd Ramseger.
An act for the relief of Warma Wilhelmiina Rantasalmi Wirtanen.
An act for the relief of Ruth May Rowley Grundy.
An act for the relief of Rodney David Themens.
An act for the relief of Patricia Mackell Wilson.
An act for the relief of Joseph Aurele Denault.
An act for the relief of Arthur Ryan.
An act for the relief of Mary Clenman Bernard, otherwise known as May Clenman Bernard.
An act for the relief of Lloyd Demont Noseworthy.
An act for the relief of Douglas Charles Fortune.
An act for the relief of Kenneth George Wright.
An act for the relief of Sonia Rofman Bailis.
An act for the relief of Bessie Livshitz Rudy.
An act for the relief of Monika Emilija Kasputyte Janauskas.
An act for the relief of Suzanne Marie-Therese Gens La France.
An act for the relief of Noella Cooker Prince.
An act for the relief of Rupert Evans Joyce.
An act for the relief of Lois Helen Kutzman Caplan.
An act for the relief of Fernand Constant Daemen.
An act for the relief of Mary Kazymerchyk Senyck.
An act for the relief of Rosalie Hetty Arbess Sofin.
An act for the relief of Lucille Lafortune Wilson.
An act for the relief of Wilfrid Cote.

The Royal Assent

An act for the relief of Janca Fani Pollak Schlesinger.

An act for the relief of Sadie Marie Ansingh Grosheintz.

An act for the relief of Douglas Morrison Meldrum.

An act for the relief of Alec Lenetsky.

An act for the relief of Dorothy Lilian Asbury Davies.

An act for the relief of Nicholas Krauchuke.

An act for the relief of Esther Kohn Rosner.

An act for the relief of Marguerite Jazzar Nassar.

An act for the relief of Leona Bobby Denberg Wiseman, otherwise known as Leona Bobby Denberg White.

An act for the relief of Marianne Roos Axelrad.

An act for the relief of Margaret Jaunzen Dishler.

An act for the relief of Pearl Witzling Socolow.

An act for the relief of Jennie Chun Readman.

An act for the relief of Gizella Szabo Herczeg.

An act for the relief of Lilija Hedviga Treimane Jursevskis.

An act for the relief of John Richard Maher.

An act for the relief of Elizabeth McDonald Jones Roy.

An act for the relief of Claire Viola Frechette Ainsworth.

An act for the relief of Margaret Reta Dodge Parsons.

An act for the relief of Estella Cluett Jensen.

An act for the relief of Angelina Natale Beaucaire.

An act for the relief of Dorothy Miller Osborough Davidson.

An act for the relief of Marie Rose Gisele Houde Dionne.

An act for the relief of Olga Pscheidt Arsenault.

An act for the relief of Edward Robinson Harris.

An act for the relief of Cathrine Pieternelle Wytenbroek Knight.

An act for the relief of Anton Bliziffer.

An act for the relief of Theodore Rolfsmeyer von Berzeviczy.

An act for the relief of Agnes Broo Hammond Bailey.

An act for the relief of Emma Antoinette Rachel Lauzon McDuff.

An act for the relief of Idella Adeline Sharpe Cutler.

An act for the relief of Walter Leonard Woodward.

An act for the relief of Marion Shirley Barsky Burg.

An act for the relief of Florence Elene Thom Ward.

An act for the relief of William Jean Paul Powroz.

An act for the relief of Lewis Swailes.

An act for the relief of Shirley Goodlin Myrovitch.

An act for the relief of Germaine Lafond Joyal.

An act for the relief of Kenneth Charles Overbury.

An act for the relief of Hazel Emily Louise Hunter Naud.

An act for the relief of Pearl Agnes Harding Potvin.

An act for the relief of Samuel Goldberg.

An act for the relief of Nancy Elizabeth Borden Sise.

An act for the relief of Audrey Madeline Crothers Walklate.

An act for the relief of Joyce Gowrie Kimber Kendler.

An act for the relief of Gloria Alphonsine Timmins Ferguson.

An act for the relief of Adella Alice McNeil Slobosky.

[Mr. Speaker.]

An act for the relief of Vera Marguerite Hennigar Isenring.

An act for the relief of Sylvia Golbas Lann.

An act for the relief of Lucy Jane Cole Judd.

An act for the relief of Walter Hardy Willows.

An act for the relief of Elizabeth Temple Jamieson Grier.

An act for the relief of Herbert William Bateman-Cooke.

An act for the relief of Rita Ann Rennie Knight.

An act for the relief of Mavis Josephine Green Jackson.

An act for the relief of Henriette Duffy Cote.

An act for the relief of Jaroslav Jandera.

An act for the relief of Robert Alfred Denman Stencel.

An act for the relief of Madeleine Forcier Midock.

An act for the relief of Annie Bray Hodgson.

An act for the relief of Joseph Kovecses.

An act for the relief of Winifred Margery Taken Dillen.

An act for the relief of Hilda Foster Mills Henderson.

An act for the relief of Evelyn Beatrice Diggon Ferguson.

An act for the relief of Hellon May Dreany English.

An act for the relief of Ione Larson Morris.

An act for the relief of Marie Laurette Carmen Gamache Desmarais.

An act for the relief of Dorothy Agnes Louise Grant Walker.

An act for the relief of Evelyn Maud Nash Wyse.

An act for the relief of Anita Felton Corbeil.

An act for the relief of Sonia Lippman Cohen.

An act for the relief of Margaret Stuart Peniston Rex.

An act for the relief of Phyllis Adair Barker Smith.

An act for the relief of Elizabeth Louise Emmett Lightbody.

An act for the relief of Madeleine Victoria Coussement Rolland.

An act for the relief of Julia Frances Finn Radcliffe.

An act for the relief of Eileen Theresa Burgess Cowan.

An act for the relief of Christina Emmanuel Papadakis Banks.

An act for the relief of Grace Connolly Houde.

An act for the relief of Marion Elizabeth Davis Esson.

An act for the relief of Morris Goldsmith.

An act for the relief of Edith Marie Treleaven Younkie.

An act for the relief of Irene Dorothy Haselden Munn.

An act for the relief of Margaret Hosie Black Kirk.

An act for the relief of Irene Bertha Kirkpatrick Faubert dit Masson.

An act for the relief of Marie Charlotte Yvonne Gisele Giguere Larocque.

An act for the relief of Albert Pigeon.

An act to amend the Explosives Act.

An act to amend the Telegraphs Act.

An act respecting the Great Lakes Reinsurance Company.

An act respecting Canadian Pacific Railway Company.

An act to amend the Post Office Act.

An act to amend the Patent Act.

An act to implement the international convention for the northwest Atlantic fisheries.

An act respecting the Associated Canadian Travellers.

An act respecting Brazilian Telephone Company.

An act respecting the Canadian forces.

An act to amend the Salaries Act.

An act to amend an act respecting the national battlefields at Quebec.

An act to amend the Members of Parliament Retiring Allowances Act.

An act to amend the Export Credits Insurance Act.

An act to amend the Animal Contagious Diseases Act.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

The house resumed in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

The Deputy Chairman: House again in committee of supply, Department of Public Works, item 368, and the amendment thereto moved by Mr. Thatcher.

Mr. MacLean: When we were interrupted shortly before six o'clock, Mr. Chairman, I was commenting on the real contribution which had been made to the discussion of the national film board by various members of the committee, not only in this group but in others. I should like to refer particularly to the hon. member for Ottawa West and the hon. member for Moose Jaw-Lake Centre. They had sound observations and a worthwhile contribution to make in the way of constructive criticism. It is my intention to refer to some extent also to the speech made on this subject by the Minister of Public Works. In that connection I should like to draw attention to the fact that the minister devoted a great deal of his time to defending the construction of a new building for the national film board and a relatively small part of his time to defending the suggestion that the new building should be in Montreal. I do not know whether it was intentional but it perhaps had the effect of misleading some people into believing that since the major part of his support was given to the suggestion that a new building should be constructed, it was that suggestion that was being criticized by this party and other members of the committee. I think it is well known that practically all members of the House of Commons are of the opinion that a new building should be constructed for the national film board. That recommendation was made by various groups which had studied the problem previously. There is no question as to the necessity for a new building for the national film board. It is definitely a question of where the new building should be located. I should like to quote briefly from the speech of the Minister of Public Works in reference to this matter. As reported at page 2599 of *Hansard* he said:

> Recommendations that the government should provide suitable and efficient quarters for the national film board have been made for some years now. Hon. members will recall that since 1950 three independent studies have been made of the board's operations. One was by J. D. Woods and Gordon, management consultants; another was by the royal commission on national development in the arts, letters and sciences, and the third was by a special committee of the house which sat in 1952.
>
> After a firsthand examination of the conditions under which the board now functions, all those bodies recommended that better operating facilities should be provided. A specific and unanimous recommendation of the parliamentary committee was that the board's headquarters operations should be centralized in one building specially designed and constructed to meet its production, technical and distribution needs.

In fairness, I must say that the minister pointed out that none of these three bodies made recommendations as to where the new building should be located; but owing to the great amount of time he gave to the recommendations of these various bodies he left the impression—perhaps accidentally; we hope so—that it was to the construction of a new building that objection was taken.

Mr. Chairman, I should like to quote from these recommendations so that there will be no question in anyone's mind as to what was recommended by the various people who made recommendations. I quote first from the summary of principal recommendations of the Woods-Gordon report and action taken thereon, item 11:

> The work of the board in Ottawa should be centralized and suitable accommodation provided.

It does not say the work of the board now carried on in Ottawa should be centralized; neither does it say, on the other hand, that the work of the board should be centralized anywhere else than in Ottawa. As I have already quoted, it says:

> The work of the board in Ottawa should be centralized and suitable accommodation provided.

When the term "in Ottawa" is used, it is implied, I think, that Woods and Gordon at that time had no intention of recommending that that work should be continued at a later date in any other place. I think it is quite obvious, as I have already said, that there was no recommendation or no hint of recommendation by Woods and Gordon as to where the new building should be.

As to the royal commission on national development in the arts, letters and sciences, they made the following recommendation with regard to the film board premises:

> We have observed with anxious concern that the various premises in which the film board conducts its operations are cramped, scattered, inconvenient

and hazardous. In the interests of economy and efficiency, and in justice to film board employees, this deplorable situation should be changed.

We therefore recommend: That safe and efficient premises be provided without delay for the operations of the national film board.

I think every member of the House of Commons, or nearly so, agrees with that opinion that the national film board definitely needs a new and efficient home. But there again the Massey commission report does not hint in any way that it has considered for one moment that that new home should be anywhere else than in Ottawa. If they thought it should be somewhere else, they would have recommended that.

The third group of people who considered this problem was the special committee of the House of Commons which sat almost two years ago. In its report to the house there appears the following:

Your committee inspected the production premises at John street and found that these premises are unsuited to the purposes of the board. Your committee concurs in the recommendations made in survey of organization and business administration report of J. D. Woods and Gordon Limited in March 1950 and by the royal commission on development in the arts, letters and sciences in 1951 that the headquarters' work of the board be centralized in one building designed and constructed especially to meet the production, technical and distribution needs of the board.

There again there is no hint that the committee agreed with the statement that the new building should be constructed anywhere else than in Ottawa.

Mr. Winters: Mr. Chairman, I wonder if I might rise at this point and ask the hon. member if he was a member of the committee and present on the day on which it was suggested that the board's operations be moved to Montreal.

Mr. MacLean: Yes, I was. I am coming to that matter shortly. What I said, Mr. Chairman, was that in the committee's report there is no hint that they agreed with the information they were given that the board was to be moved to Montreal. Therefore, as far as these three bodies are concerned, it is clear that the question of where the new building should be located was not one of their major considerations, to put the matter mildly. However, the minister was careful to point out—and I have no objection to his having done so—that none of these bodies recommended that the new building should not be in Ottawa. With respect to the arguments advanced by the minister as to why the film board should be moved to a larger centre, I should like to quote what he said in the house on March 2, as found at page 2601 of *Hansard*. He said:

The making of motion pictures is a creative operation. The board must be staffed by people with creative minds behind whom there is a full head of creative talent. In Canada this creative talent must of necessity come from both our French and English speaking populations. It is abundantly clear from the board's operations over the years that this pool of creative talent is more readily available in the larger centres of Montreal and Toronto than it is in Ottawa. It has been necessary to import much of it here from those centres. Of the two large cities I have mentioned, Montreal is the one with the larger pool of cultural and creative talent in both English and French.

That is an argument that must be considered, but if we are to move the headquarters of one of the activities of government from our capital to any other centre in order to accommodate certain groups of people whose services may be required from time to time it seems to me that it is a case of expecting the mountain to go to Mahomet. That argument does not take into consideration that it will be necessary for a large number of people with talent who are now working for the film board in Ottawa to be moved to Montreal if the new building is constructed there. I do not know whether or not the criticism is just, but it has been observed that that would be the largest forced migration of persons in this part of the world since the expulsion of the Acadians. I think that is putting it rather strongly.

Mr. Winters: You have been talking to the mayor of Ottawa.

Mr. MacLean: In any case it will mean that a large number of people will have to be moved. Their domestic arrangements will have to be dislocated, and they will have to find new housing accommodation in Montreal.

Mr. Abbott: Lucky people.

Mr. MacLean: It is said that Montreal is an area where there is a large amount of both English and French talent and therefore it is suitable that the headquarters of the film board should be moved there because the board's production consists of both English and French films. It can be said that there is a vast amount of talent required in parliament and that our production is in both English and French, and therefore if you follow the argument advanced with respect to the film board to its logical conclusion the day may come when it will be necessary to move the House of Commons from Ottawa. That is again an extreme case, but I think it is following the reasoning to its logical conclusion.

With respect to when the decision was made that the film board should be moved to Montreal, the Minister of Public Works gave a quotation from the brief presented to the special committee by Mr. Irwin, the then

commissioner, which interested me. Mr. Irwin had this to say, as quoted by the minister at page 2601 of *Hansard* of March 2:

> On February 8 last, the minister of resources and development, Hon. Mr. Winters, announced that after detailed study of fifteen possible sites in the Montreal area—

—a certain site was considered suitable. The thing that strikes me about that is that there is no mention made at that early date of examining any other sites. It seems to me that the decision had already been made by somebody prior to May, 1952, that the building would be in Montreal because apparently all fifteen possible sites that were investigated were in Montreal. None of them was in Ottawa or anywhere else. Therefore the decision must have already been made. It is true that some arguments were presented by Mr. Irwin as to the advantages of having the national film board in a large city, but here again it is a matter of degree. He does not say that these advantages pertain only to a city larger than Ottawa or that they all obtain in a city the size of Montreal. During the sittings of the special committee on the national film board of May, 1952, Mr. Irwin was asked the following question, as found at page 88 of the report of the proceedings of the committee:

> Mr. Fraser: Your distribution will be made from Montreal?
>
> The Witness: Yes.
>
> Mr. Dinsdale: What is the reason for locating in Montreal?
>
> The Witness: That is a matter of policy, sir, and I do not know whether or not I should review it.
>
> Mr. MacLean: From a technical point of view is it necessary for you to be in a large city, or is it advantageous?
>
> The Chairman: I think that Mr. Irwin might comment on the relative use to his organization of a large city as compared with some other city. That would be a general type of question.
>
> The Witness: As I understand it, sir, these are some of the considerations which lie behind the policy decision. Film production, to begin with, is a manufacturing process, the heart of which is a creative function which has to be manned by creative people. Ottawa, whatever other advantages it has, is a relatively small community and it does not attract many people of the particular kind you need to man the heart of the board's operation. I am thinking of musicians, composers, actors, writers, designers—the whole gamut of the type of people you need in motion picture making.

He went on to say that it was possible that at a future date it would be necessary for the film board to produce films for television broadcasting, and that since the main headquarters of the Canadian Broadcasting Corporation were in Montreal it would be advantageous for the film board to be there as well. I do not think it is a valid argument that because one element of our government services is moved to one place you should follow suit with something else. That can become a vicious thing. It is like the camel getting his head in the tent. It could then be argued at a later time that if we had a national theatre it should not be in the capital because these people with special talents are not in the capital. You could go on from there indefinitely.

The main argument made by Mr. Irwin was that in a larger city you have a large pool of talent from which you can draw. I would be interested in knowing if even now that type of talent is readily available in Montreal. I believe that in the case of recording it is more advantageous to go to New York to have music recorded for films. Therefore the argument is weakened to a certain extent.

I should like to deal very briefly, Mr. Chairman, with some of the arguments which seem pretty apparent to me as to why the film board or, as a matter of fact, most new and expensive buildings should not be located in a very large city. To begin with, the cost of land is extremely high. We have been told already that the land will cost at least $256,000, and it may cost as much as $286,000. The particular site has the disadvantage that it is near an aircraft plant where jet engines are being tested and jet aircraft flown from time to time. The new building will require special sound-proofing to make the operations of the film board possible in that locality.

Mr. Winters: There will be no more sound-proofing required than in any other location, Mr. Chairman.

Mr. MacLean: I am sorry. I was under the impression that that had been said. If I am wrong, I stand corrected. I thank the minister for pointing that out.

There is another consideration, however, that some may consider farfetched. I warn the committee that many people will consider it farfetched, but I do not think it is. We must keep in mind that the city of Montreal is an area in which there are aircraft plants. It is a very important railway centre, and one of our most important ports. Great oil storage plants are located there, as are depots for some of the armed services. There is a large and highly skilled labour force in that city. In other words, Montreal is a choice target, perhaps one of the choicest on the North American continent, for an atomic bomb attack. I am certain that if Russia has any plans to use a hydrogen bomb, Montreal would be one of the prime targets, from a tactical standpoint.

Mr. Sinclair: Ottawa would be No. 1.

Mr. MacLean: Ottawa may be No. 1, but I am coming to that.

Mr. Lennard: No, Hamilton, the steel centre, would be No. 1.

Mr. Sinclair: Quit bragging.

Mr. MacLean: If that is an impossibility, then a great proportion of our defence effort makes no sense. Our whole defence against the possibility of a bombing attack from the north is senseless, if that is not a possibility. Therefore it is a very real consideration which must be kept in mind. I think, too, that if we are to have a capital city in our country, the head of every department and branch of government should, if at all possible, operate from that capital.

It is true that the film board is not a department of government; nevertheless it is not very different from a department of government. Governmental departments have top civil servants who are answerable to ministers, and the same is true of the film board. I think every activity of government which has for its purpose the carrying on of some function applicable to the whole country should, if at all possible, have its operations directed from the capital.

I think therefore the arguments advanced back in the nineteenth century when Queen Victoria suggested Bytown as the nation's capital, the capital of this new country, were sound arguments. It was pointed out that Bytown was on the Ottawa river at the junction point of the two great racial groups in this country. And I think the arguments advanced in that day for selecting Ottawa as our capital are equally true today.

As I said earlier, in my opinion every activity of government should be carried on here, if at all possible. After all, if Ottawa is our capital in name it should also be our capital in fact.

The question has arisen as to whether Ottawa would be the No. 1 bombing target in Canada, in the event of an atomic attack. I think this does not enter into the argument, because I would say and recommend that if the film board building were to be built in Ottawa it should not be built right in the city, but rather at some point in the capital area removed some ten or fifteen miles from the Peace Tower. Indeed, I think that principle should be carried out in all of our large cities. We are coming to the place where we would be foolish if we were to place all our eggs in one basket, or to locate buildings where a large percentage of our industrial effort and governmental services could be wiped out by the dropping of just one atomic bomb in the right spot.

So, Mr. Chairman, in closing I should like to quote briefly from the statement made on January 19 by the Prime Minister when he said:

> No decision has been reached in that regard—

He was speaking as to the location of the new building.

> —but until the government comes to parliament with a definite recommendation for a definite amount to be expended for a building at a definite place there is always a possibility that changes in the recommendation may be made.

I am delighted to realize that. In all sincerity I hope that this statement still stands, and there is still a possibility of reconsidering this matter. In the name of good sense and good government, and in the interests of our national capital, I appeal to the minister to reconsider the matter so that the item may be withdrawn in its present form and a recommendation brought before the house for the building of a new national film board building in the Ottawa area. If this is done I believe it will meet with the sincere approval of the vast majority of members in the house.

Mr. Macnaughton: Mr. Chairman, as one member from the Montreal district who was very active in urging the government to transfer the main building of the national film board to the Montreal area, I am naturally delighted to think that the government is about to follow through.

I have read with a great deal of interest the debate which took place here on Tuesday of this week and, if I have read correctly, it would seem to me we can all agree as to the purposes of the national film board, that the job it has done up to the present time has been an excellent one, and that the Minister of Public Works is certainly to be congratulated because, having taken over the film board in 1948, when it was at a very low state—and I emphasize the word "low"—he has brought it to a position where most of us will agree that it is a credit not only to itself but to the country as a whole.

Further than that, he was responsible for bringing in Mr. Arthur Irwin, son of the Rev. Alexander Irwin, who became the chairman of the national film board after he gave up the editorship of *Maclean's* magazine. Under Arthur Irwin certain policies were decided upon and put into force and effect which have brought that organization to the forefront in the production of films in North America. I think that act of constructive policy will be carried out under Dr. Trueman, who is a native son of New Brunswick and a past president of the University of New

Brunswick, and who has given ample evidence of his capacity for the job which he now holds.

If I read the debates properly, I say that the only question that we seem to disagree upon at all is whether the location of the production facilities should be in the Montreal area or should be retained in the Ottawa district. It seems to me that a great deal of agitation on this subject has been whipped up and brought about by a certain few disgruntled employees of the national film board. I should like to refer to a letter which is signed "a film board wife" and which appeared in the Ottawa *Citizen* on Monday, February 22, 1954. Of course, I am not going to read it all, but one or two extracts will present the point of view of some of the employees—I hasten to add, I am sure not of a majority by any means. It is rather interesting, and among other things the film board wife says:

> Any number of reasons have been given proving conclusively that the operation and function of the film board can be carried out far better in Ottawa than anywhere else—in fact, only in Ottawa.

Then she goes on:

> There are so many things about Ottawa that we love.

And this might amuse the committee for a minute:

> To be sentimental, the Gatineau hills across the river, the sound of the carillon on a hot summer night, Stanley Wong's restaurant, Rockcliffe park on a Sunday morning in January, Byward market in August, Jack Kash's concerts both junior and senior, and the brave new world of the CRT, the flowers that bloom and bloom from April until November everywhere throughout the city, the lions on the post office, the gay abandon of confusion square—many intangible things.

I see she did not put the mayor of Ottawa in there. She goes on:

> What lies ahead if we move to Montreal? First, we must sell our house—at a considerable loss . . . then we must try to find another one somewhere on the island of Montreal. Shall it be a jerry-built model in a row of fifty others, all exactly the same? Or shall we live in the slums and have our children play on the streets?

Then later:

> Of course, the staff of the film board can huddle together in a tight little inbred bunch—but where then are the great artistic and cultural advantages of cosmopolitan Montreal which seem to bulk so large in the minds of cabinet ministers who insist we should be better off out of civil service Ottawa?
>
> Members of the film board staff are not going to experience any spiritual uplift from working in industrial Ville Saint-Laurent, and since they will be living under worse housing conditions than in Ottawa, this cannot help but affect their work, to say nothing of the strain it will put on family relations.

Mr. Winters: Who signed the letter?

Mr. Macnaughton: The wife of a film board employee.

Mr. Winters: Does it give the name?

Mr. Macnaughton: No, the name was not signed because the editor put a note at the top of the letter:

> The wife of N.F.B. employee tells what the move to Montreal means in human terms.

And then he said that obviously he did not want to give the name but that he has the name on file. The letter goes on ad nauseam.

Far be it from me to list here certain of the advantages for those of us who happen to be located in the city of Montreal; but I would say that at least in Montreal we have the advantage of a dual culture and in so far as the town of St. Laurent is concerned we have plenty of good housing, most of it constructed under the National Housing Act. We have plenty of good schools, both regular and separate, English and French and Jewish, and we have one of the oldest preparatory colleges in the Dominion of Canada, namely college St.-Laurent. We have parks and we have churches, and we also have the new member for Dollard constituency, who will certainly be there eager and willing to receive those employees.

I say, further, it is the custom of people who work for private companies and organizations that if the company decides to move its headquarters you go along and move with the company; and if you do not want to move you have the privilege of resigning and looking for a job with greater security and perhaps greater pay elsewhere.

Mr. Charlton: That is it.

Mr. Macnaughton: We feel that the national film board has expanded far beyond its original purposes. It is true that we are busy making films in Canada, but there is another developing market, namely, the process of making television films not only for the Canadian market but for the growing and vastly superior United States market. I am told that many United States television companies and outlets are now coming in large numbers to the national film board seeking national film board television films because they are better. Certainly, it will be the big business of the future, and part of the job of the national film board will be to produce those good films and also to sell them at a profit.

That brings us right down to the basic question at issue. The film board has grown immensely during the last few years, and the question is primarily one of production and commerce. The problem of location of the production facilities is best solved by locating in Montreal. One of my reasons for that statement is that I believe we shall produce better films because in the city of Montreal, being a large city, naturally we

shall have greater sources of material. It will be possible to have much closer co-operation with the Canadian Broadcasting Corporation, which is becoming an increasingly larger user of television films. Furthermore, Montreal is the natural location because of its close contact with the outlets for distribution. Also in that location you have close contacts with the United States sources of supply of materials, and also close contacts to sell to the United States market.

I am informed that at the present time several crews of the national film board are now working in the Montreal area, and also that the large United States film companies, together with most of the Canadian film companies, are located in that area, as are the large film suppliers. In other words, you will have a two-way flow of raw materials and finished products. It seems to me that commercially it is a sensible thing to go to the market where you can produce better and at a much cheaper price and where your chances of outlets for sales and contact for raw material increase.

If I understood him correctly, the hon. member for Queens, Prince Edward Island, said in effect that the special committee gave no hint that they agreed the building should be erected in Montreal. That was also elaborated on by the hon. member for Brandon-Souris. In order to set the record straight, I shall try in a few seconds to prove that during the hearing of witnesses by the special parliamentary committee that subject was dealt with. At page 33 of the record we find that Mr. Browne posed the following question:

> Q. How far has that project gone?
> A. The minister may wish to answer that question.
> Hon. Mr. Winters: We acquired land in Montreal, and plans are being prepared for a building to be built at some time on that site.

At page 36 of the same record is given a summary of a number of the recommendations of the Woods-Gordon report. The hon. member for Peterborough asked that that summary be filed. Item 11 of the recommendation reads:

> The work of the board in Ottawa should be centralized and suitable accommodation provided.

Item 11 of action taken reads:

> The minister of resources and development has announced that a site has been obtained in Ville Saint-Laurent, a suburb of Montreal, for a proposed new building for the board. An amount is contained in the 1952-53 estimates for the Department of Public Works for the preparation of working plans for such a building.

[Mr. Macnaughton.]

Then on June 3, 1952, under the heading of "Minutes of Proceedings", as reported on page 79, we find, among other things, the following:

> On motion of Mr. Carter,
> Ordered,—That the subcommittee on agenda draft a "Report to the House" for consideration at the next committee meeting.

Then on June 24, 1952, as reported on the same page of the report:

> The said draft report was considered and with minor amendments was adopted unanimously by the committee.
> On motion of Mr. Boisvert,
> Ordered,—That the "Draft Report", as adopted unanimously, be submitted to the house.

So I think that the charge that members sitting on the other side were ill informed as to the intentions of the government with respect to the national film board cannot be substantiated.

I think it is obvious that in Canada we have a bilingual country. The national film board is serving, not only English but also French-speaking Canadians. I maintain that the national film board needs the stimulus of a large city of dual culture. I think it is important that the employees of the national film board keep on top of the ball, that they keep close to the movie industry in this country, and that they maintain a close liaison with the new techniques in art and with the new techniques in the production of film, both for the screen and for television.

At this stage I think it might serve some purpose if I recalled to your attention the words of the former chairman of the film board, which appear on page 21 of the proceedings of the special parliamentary committee, 1952. I quote:

> You have heard, gentlemen, something about our operations and our problems.
> What's the purpose behind all this activity?
> The Canadian Image
> In so great an area as Canada, with a relatively small population, we, as Canadians, can achieve an abiding national identity only if we cherish those things we hold in common while understanding those things wherein we differ—region from region, race from race, interest from interest.
> A nation is more than a geographical area. As Canada has proved, it may be more than a single racial group. A nation is a set of values, a belief, a common body of thought.
> To fulfil the belief which is Canada, we must steadily nourish the paradox of unity with diversity which characterizes our life as people.
> The board's films, I believe, contribute substantially to that nourishment by stimulating in Canadians pride in their achievements, by projecting their growing sense of oneness while portraying their diversities, by interpreting the parts to the whole and the whole to the parts, by holding up images of the Canadian past, the present and the long road that leads to the future.
> Canada is on the march to great new achievement. In the film medium, certainly one of the most potent information media available today, only Canadian films can record and interpret those achievements.

The national film board is now truly a national board, not only portraying departmental activities of the government but interpreting Canada to Canadians, interpreting Canada to the United States, in fact interpreting Canada to the world. The national film board has left its purely governmental role and it should seek the larger horizons. With the head office still in Ottawa, but the production facilities located in Montreal, the national film board is taking a forward step to even greater success.

Mr. Regier: Mr. Chairman, I rise to speak in favour of the amendment moved by the hon. member for Moose Jaw-Lake Centre. I am glad that this amendment does not reduce the vote to $1 because that would eliminate the work being done by the national film board, but it does reduce it by the amount necessary to move the national film board to Montreal. I do not think there is any intention in moving this amendment to say that there is not a need for a central building in which the film board could operate. I think the intent of the amendment is to prevent a move from Ottawa to Montreal. The Minister of Citizenship and Immigration made a statement on March 2, 1954, and I quote from page 2577 of *Hansard* as follows:

> The board therefore presented to us over the past three or four years urgent requests for the construction of a suitable building.

I am sure that there is not one member in this section of the house who would oppose a grant sufficient to carry out that objective. We are vitally interested in how the move to Montreal is going to affect the operations of the national film board. We had some suspicions, and these were confirmed by the hon. member for Mount Royal, who has just admitted that he had considerable influence in bringing about this move. We all know that Mount Royal is near if not in the city of Montreal.

I rose more to refer to the satisfaction which the people of Canada obtain from the activities of the national film board rather than to specifically object or partially object to this move, which I understand is well under way with the awarding of the contract. We appreciate the activities of the film board in making many films available to Canadians living in outlying areas. Otherwise these people would see very few films during the year. The activities of the local film organizations working in co-operation with the national film board have been of great benefit to people in rural areas. I think the national film board is doing a great job and I hope it will do an even greater one in breaking down the isolationist thinking which still goes on in the minds of many Canadians.

The question of bilingualism has been raised. I should be happy to see 300 films made in the western half of Canada with the use of the French language and distributed in Quebec and New Brunswick. With equal satisfaction I should like to see 300 films made this year in Quebec and in the French-speaking portion of New Brunswick with the use of the English language and distributed throughout the rest of Canada. I think through the national film board we can do much more to bring about greater unity in our dominion.

I cannot think of a finer place in which to centre such bilingual activities than the city of Ottawa, where I understand almost half of the people are French-speaking. I cannot see that moving it to Montreal will serve the cause of bilingualism. I agree there are occasions when the people of Quebec are not adequately served by the national film board, but I maintain that they will not obtain better service simply by moving the head offices of the national film board to Montreal. It has been repeatedly pointed out that this move is necessary in order to facilitate production. I observed an admission in this regard by the Minister of Public Works when he said as reported at page 2599 of *Hansard* of March 2:

> While the major part of the board's film work will always be carried out on location in various parts of Canada—

Therefore, when hon. members speak of the production effort I do not think that it matters very much where the headquarters of the film board are located. I believe the major production efforts take place in the field in locations anywhere from the Pacific to the Atlantic ocean.

There is one other feature I like about the national film board and that is that it is a relief to see films which do not contain advertising. The films produced by the national film board are such that we can safely send our youngsters to see them and we can recommend them to others. We know that in the production of these films there is no ulterior motive. They are produced in an effort to show Canada to the Canadian people. There is no tinge of propaganda but only the desire to present Canadian situations to the nation.

The film today has to be recognized as a major educational medium and I would like to see, if it is at all possible, the national film board giving a little more support to

the starving visual-aid sections of the provincial departments of education. All our provincial departments of education have by now, I believe, visual-aid branches and I am sure they would not turn down the type of help which the film board might be able to offer. Since films have now become a major educational medium I doubt very much whether it would be safe for us to allow the manufacture of ordinary films to fall into the hands of advertisers. I doubt very much whether we can say—

The Deputy Chairman: I hope the hon. member who is now speaking will not take it too personally, but perhaps I have been unduly lax in permitting this debate to go too far afield, and to that extent I apologize to the hon. gentleman if I have allowed him to go astray. However, I would remind him and other hon. members that there are on page 38 of the estimates items 245 and 246. Item 245 relates to the administration, production and distribution of films and other visual materials, and item 246 relates to the construction or acquisition of equipment. I would suggest to the hon. member and to the committee that we are dealing with estimates of the Department of Public Works in so far as construction is concerned, and particularly with the amendment moved, which seeks to reduce this estimate. I think it would be agreed by all hon. members that we should try to keep this debate to the subject of the construction of a building for the national film board, and that other matters relating to the film board should be discussed at another time.

Mr. Regier: Thank you, Mr. Chairman. Probably I did not relate what I had to say frequently enough to the matter under discussion. I am very much concerned about the effect this move will have. I would like the Minister of Citizenship and Immigration to keep the operations of the national film board right here in Ottawa where he himself could be in close contact with developments and where hon. members of this house would be in a position to watch its operations. I feel that the national film board in the future can do much for Canada. The operations of that board have been subject to attack from widely separated quarters within recent years. These attacks are, I feel, inadvisable and I believe it would help a great deal and we would be in a much better position to protect and foster this new medium of teaching citizenship if we had it near at hand where we could observe it continuously.

I suppose I must be realistic, and in view of past observations perhaps come to the conclusion that the decision has already been made and there is little more to be done. However, I can only express the faint hope that it is a good move and I would say, even though I do support this amendment, that if I thought for a moment there was anything in the amendment that would hamper the efforts of the film board to expand and become even a better influence than it is now then I would be opposed to the amendment.

Mr. Fulton: Mr. Chairman, I rise to make just one or two observations which I would be glad to have the minister answer. Perhaps I could put my observations in the form of questions. But before coming to that I think some reference should be made to the remarks made by the hon. member for Mount Royal. As I understood his remarks, if one is to draw the inferences from his speech which he certainly left there, he implied if he did not directly suggest that in the Ottawa area there is not a dual culture. He said, and these are his words as I put them down: "At least in Montreal we have the advantages of a dual culture".

I take it from what the hon. member said that, by the use of the words "at least", the inescapable conclusion is that in his view there is not a dual culture here in Ottawa. That seems to me to be a rather extraordinary—

Mr. Macnaughton: Mr. Chairman, if I am obliged to answer the hon. member—

Mr. Fulton: You are not.

Mr. Macnaughton: —I would point out that I said no such thing.

Mr. Fulton: I believe the hon. member will find when he checks his remarks in *Hansard* tomorrow that the words I have quoted, or words very like that, were used by him. If that is not what he intended, then I am glad to have his explanation, because I was certainly under the impression that not only here in the city of Ottawa is there a dual culture, but that in this city and the city of Hull combined it would be quite impossible to maintain that there is not a dual culture in the Ottawa area. Therefore, from that point of view, it seems to me that the so-called advantages of the move to Montreal are entirely non-existent.

The hon. member made some perhaps less serious suggestions as to the advantages which will flow from the move to Montreal. I could not help being struck and rather amused, and I suppose he intended it to be amusing, when he suggested that after all we have down there the new member for the Dollard constituency who would be very glad to welcome the transplanted employees

of the film board on their arrival in Montreal. I could not help but wonder about the other two hon. members for Ottawa, who I know are very much concerned in this matter. I wonder whether the welcome these two hon. gentlemen would extend to the film board employees, if they were allowed to remain in Ottawa, would not far outweigh any welcome which might be given by the hon. member for Dollard if they were forcibly transplanted to Montreal. However, that is a contest between the two Liberal members for Ottawa and the hon. member for Dollard, and perhaps it would be wiser to allow that particular contest to be resolved by hon. members themselves on the other side. They are all Liberal members so hon. members opposite will have to choose between them.

Mr. Knowles: Some choice.

Mr. Fulton: But then perhaps there was another more weighty suggestion made by the hon. member for Mount Royal, namely that the film board in Montreal would produce films for the C.B.C. television and for other television purposes. I was not able to hear in his argument any serious reasons advanced as to why it would not be possible to do that in Ottawa. I should like to point this out to him. I am sure he knows it, but I should like to emphasize for his consideration and that of the other members of the committee that Crawley Films Limited have their headquarters and their production facilities here in Ottawa. They produce fine films. They have recently won an award with their films. I have never heard them or anyone on their behalf suggest that they could produce films better, more cheaply and with better competitive advantages if they moved their production facilities to Montreal. I admit that Crawley Films is a private enterprise, and I suppose that I should not say too much in favour of private enterprise; but I suggest that it is only reasonable to assume that if private enterprise, with all the disadvantages which some of my friends in this chamber sometimes suggest attend that form of enterprise, can produce good and praiseworthy films here in Ottawa, then there is no reason on earth why the film board should not be able to do the same thing.

The advantages of the Ottawa location have been rehearsed at great length and I am not going to say anything beyond what I have already said, except that the one unanswerable argument in favour of the motion moved by the hon. member for Moose Jaw-Lake Centre seems to me to be that to leave the production centre of the film board here would result in a saving of money to the country because the city of Ottawa has offered a free site. Therefore, even if one were to accept the argument of the minister that the sound-proofing necessary down in Ville St. Laurent is not going to be an additional expenditure—an argument which as a non-expert in the construction business I would not venture to differ from in detail but which does seem to me nevertheless to be hard to accept—the fact is that the cost of the site would be saved; and unless the government has been an even worse judge of property than one would expect, they should be able to sell that site for something close to what they paid for it or to use it for some alternative purpose, thus avoiding the necessity of buying a new site, and to take advantage of the generous offer of a free site made here by the city of Ottawa.

The other aspect that I should like to mention—and perhaps I might mention it while the Minister of Finance is still here—is a question involving the position of the employees after they have left and have been forcibly transplanted to Montreal. I want to put this matter in the form of questions. The minister can answer as he wishes. Perhaps he can find an argument in it one way or the other. I understand that the province of Quebec has recently decided to impose a personal and corporation income tax at the rate of 12 per cent. That is a decision for them and one which I am not going to question. But it seems to me that from that it follows—and the minister can disagree if I am wrong—that if these employees of the film board are forcibly transplanted to Montreal, after having taken up residence there and become residents of that province, they will be liable to that income tax, something which seems to me to be a strong argument, reinforcing those which have already been made, against the forcible transplanting of these employees against their will.

I should like to ask the minister whether it has yet been decided that the taxpayers in the province of Quebec will be allowed a credit against federal income tax of the amount of their tax in Quebec, whether the employees of the film board will be allowed a special deduction of Quebec income tax after they are transplanted, or whether it is contemplated that they will receive an increase in their salaries equivalent to the amount that they would otherwise have to pay in extra income tax. Whichever way those questions may be answered, I think that the implications of this situation are overwhelming arguments in favour of changing the decision for the move to Montreal, and if not changing it, at least postponing it until the position of those employees with respect to the problem I have raised is clarified. I should like the minister responsible

for the board itself or the Minister of Finance or his assistant—whichever cares to do so—to tell us what will be the position of the employees with respect to that matter.

Mr. Philpott: Mr. Chairman—

Mr. Fulton: Is the Minister of Citizenship and Immigration in a position to reply to those questions?

Mr. Harris: Mr. Chairman, I am not competent to pass upon the situation that might obtain with respect to these employees, as to whether or not they will be subject to income tax in the province of Quebec. I am not even familiar with the terms of the act because it is not in my province. All I can say in answer to my hon. friend is that there is no compulsion on any member of the film board to move to Montreal.

Mr. Fulton: Will the government undertake to find alternative employment for an employee if he elects to stay here in Ottawa?

Mr. Harris: The government does its best to assist the civil service at all times in its discharge of its duties to the public. I think that would be a sufficient answer.

Mr. Fulton: It indicates that it is sufficient to the minister.

The Chairman: The hon. member for Vancouver South has the floor.

Mr. Fulton: I wanted to ask if the Minister of Finance might give me an answer to the question which the Minister of Citizenship and Immigration indicated that he did not feel able to answer.

The Chairman: I have said that the hon. member for Vancouver South has the floor.

Mr. Fulton: I hope the Minister of Finance will remain until he gives me an answer to the question.

Mr. Abbott: My hon. friend speaks so much in the chamber that I have got into the habit recently of reading the newspaper when he is making speeches.

Mr. Fulton: It is not only recently that the minister is in the habit of reading the newspaper.

Mr. Knowles: There is something in the papers that he might well read.

Mr. Fulton: However personal the Minister of Finance may choose to make his comment I will, if he wishes me to do so, repeat the question if he did not hear it while he was reading the paper.

The Chairman: The hon. member for Vancouver South has the floor.

Mr. Fulton: Mr. Chairman—

[Mr. Fulton.]

The Chairman: The hon. member for Vancouver South.

Mr. Philpott: If it were only a question of moving the film board from Ottawa to some other city, I doubt that I would take much part in the discussion. In fact, I might be tempted to be facetious perhaps and say that the ideal solution would be quite a bit different and that it would be to build the film board in the capital but to move the whole capital, bag and baggage, to the Pacific coast. I believe that even if we made an experiment for one session—

An hon. Member: Would you take Charlotte Whitton?

Mr. Philpott: We would even take queen Charlotte for one session. If we moved the department, bag and baggage, to the Pacific coast even for one session, I think we would never have the problem of where the capital ought to be. I think we could save so much time and money by so doing that there would be no question about it. Of course, we might lose a little bit in January and February when some of the boys played hookey in the afternoon and went playing golf.

Mr. Knowles: This chamber consists of both boys and girls now.

The Chairman: Order.

Mr. Philpott: I think we might save considerable time over the long week end because not so many people would be able to take a week end from Thursday afternoon until Tuesday afternoon. Perhaps we could then cut down the length of the sessions.

Speaking seriously, Mr. Chairman, I must say that I was astonished to hear the amendment moved by such a usually hard-headed and common-sense person as the hon. member for Moose Jaw-Lake Centre. While I know it takes a good deal of ingenuity and mental agility to be at one and the same time a member of local 999 of the socialist millionaire hardware chain store magnates union and also a socialist theoretician, I must say that the ambivalence shown in this particular amendment is just a little bit too much for the genius and geniality of the hon. member for Moose Jaw-Lake Centre to bridge. What do I find? I find, for instance, that my predecessor and neighbour, the hon. member for Burnaby-Coquitlam, said a few moments ago that this amendment had to do entirely with the cost of moving the film board to Montreal. As I read the speech of the hon. member for Moose Jaw-Lake Centre he said, as found at page 2599 of *Hansard* for March 2:

Under these circumstances, Mr. Chairman, I wish to move that item 368 of the estimates be reduced

by $1,500,000 . . . That of course, is the amount which the government proposes to spend this year on the actual construction of the new building at Montreal.

Then I find certain rather remarkable arguments developed by the hon. member for Moose Jaw-Lake Centre when he attacks the whole idea of modernization of equipment of the national film board. At page 2598 of *Hansard* he said:

> In the second place I think this move is extravagant, because of the nature of the building which is being erected. According to the Montreal *Gazette* it required eighteen months to prepare the 150 blueprint sheets which were used. The plans provide, among other things, for marble mosaic hallways, eight auditoriums, two garages, a viewing room with chairs with push button ashtrays, decorative ceilings and concealed lighting. According to the plans which have been laid down, the following is to be provided:
>
> "An inner courtyard with a pool roughly fifteen feet long and three feet deep, with a fountain sculptured on the themes of sight, motion and sound; light would illuminate the fountain at night".
>
> In other words, when you look at the plans you begin to wonder if the government is proposing to put up some kind of luxury studio, something that will make some of the Hollywood studios look a little bit dull or drab.

I submit that when we are engaged in equipping a great public enterprise that has served the people of Canada as well as the national film board has served us in past years we can afford every cent of this modest expenditure to give the national film board of Canada the finest equipment in the entire world. I for one will be very glad to make Hollywood take a back seat in that particular regard.

Mr. Ferguson: What poppycock!

Mr. Philpott: So I find it most remarkable to hear that argument advanced against the expenditure of some $10 million to give the national film board of Canada the plant and equipment to enable it to do a real job. I must say I find that a remarkable argument to come from my hon. friends immediately opposite. One week ago in this chamber we listened to speech after speech from these same members urging and prodding the government to institute a program of public works. They were asking what was the matter with the government, was it asleep on the job or waiting for spring? They wanted a great program of public works. But when we get the first item for something that everybody in Canada from coast to coast knows perfectly well that we need—

Mr. Thatcher: Let us have it in Ottawa, not Montreal.

Mr. Philpott: —not on an emergency basis but to do something for the good of Canada, not for this year, not for next year but for twenty-five or fifty years to come, we have exactly the same group saying that this is gross extravagance and that we should not spend a dollar.

Mr. Thatcher: We want it in Ottawa and not Montreal.

Mr. Knowles: Is this tomorrow's column?

Mr. Philpott: Finally, we have another remarkable argument used: I for one do not believe that the film board was made for Ottawa, nor do I believe that Canada was made for Ottawa. On the contrary, I believe that the capital was made for the country and not the country for the capital. Therefore where we locate any soldier, sailor or airman in our Canadian forces is exactly where that soldier, sailor or airman can best serve Canada. Where we locate the Canadian Broadcasting Corporation or where we locate any agency of the Dominion of Canada is where that agency can do the best job for Canada.

Mr. Thatcher: Here in Ottawa.

Mr. Philpott: As a newcomer and freshman M.P. in the house I would not presume to set myself up against the studied advice given time after time by the boards which we selected to advise us exactly how to make this great public enterprise a success. I say that is a very poor way for any party to try to assist a great public enterprise. We have had political parties of different types in this country and in different parts of the country. We have had the Conservatives in Ontario who brought forth that great public-spirited enterpriser, the late Sir Adam Beck, who probably laid the foundation for the political success of the ladies and gentlemen who sit on my left. The Liberal party brought to Canada another great public servant who put the Canadian National Railways on a sound basis and whose only fault was that he was perhaps twenty or twenty-five years ahead of his time. He was criticized by some people for trying to dieselize the road twenty-four years before the United States roads first undertook that modernization.

We have had people who have made public enterprises a success in all parts of the Dominion of Canada, but I must say that it comes as a rather remarkable argument by the hon. member for Moose Jaw-Lake Centre for him to suggest that even though it has been recommended that a public enterprise be moved to a certain part of this great country, Montreal, that recommendation cannot be carried out—

Mr. Ferguson: Put it on the record.

Mr. Philpott: —because of the possibility of provincial censorship. The hon. member for Moose Jaw-Lake Centre said, as found at page 2599 of *Hansard*:

> May I remind hon. members that a short time ago Mr. Duplessis, premier of Quebec, suggested that he was going to introduce the censoring of C.B.C television programs. Now, what assurance has the government, if the national film board does move to Montreal, that Premier Duplessis will not decide to censor their work also? I can tell the minister and the cabinet that the people of Saskatchewan will not look kindly upon Premier Duplessis, or any other provincial premier, censoring the kind of film fare they may see; yet if the board does go down to Montreal can the government say this will not take place?

I say to the hon. member that he knew perfectly well when he asked that question that it was sheer downright poppycock and nonsense, that no provincial government in Canada, whether it be the government of Quebec, Ontario, British Columbia, Alberta or Saskatchewan, can step one inch over the jurisdiction of the national parliament and national government.

Mr. Thatcher: They did with the C.B.C.

Mr. Philpott: Provincial governments have made fools of themselves in various parts of the country and at various periods of our history. I can remember that when I was perhaps twenty or twenty-five years younger than I am now a Conservative administration in Ontario did not do anything to see that people had the right of free speech even within 100 yards of the legislature in Toronto. I can remember episodes twenty or twenty-five years ago in my hon. friend's province of Saskatchewan that do not look so good when you look back on the history of those times.

An hon. Member: Under a Liberal government.

Mr. Philpott: We had in British Columbia not very many months ago an act—

Mr. Ferguson: You are going all over the world. Why don't you get down to reality and common sense? You are talking about nothing. You have made no headway at all. We are talking about the film board. Why don't you give your life history?

Mr. Philpott: My point is this—

Mr. Ferguson: What a windbag! You're the best we've ever had.

Mr. Philpott: Thank you for that compliment. My point is this—

The Chairman: Order. The discussion on this item has gone far afield. I suggest the co-operation of hon. members should be given to limit themselves to the subject under discussion.

Mr. Philpott: Thank you, Mr. Chairman. I am coming to my conclusion—

Mr. Ferguson: Good.

Mr. Philpott: We have even had in Alberta administrative action by the government forbidding the showing of a product of the national film board entitled "Man—One Family". But I think that should not warp our judgment, that this board should be located wherever the best place is, in the interests of the country.

There is one argument, that whether we like it or not this country is a two-language, two-religion and two-race culture; and I think that we can live together, that we can prosper best and that we can go forward best if we accept the spirit of that situation. And one reason I think for the great success of the party on this side of the house is that, over the generations, it has accepted the spirit of that underlying basis of confederation perhaps better than some other political organizations have. And, whatever else we do or do not do, let us hope to have the national film board where it will do the best job for all the people of Canada—and by "all the people of Canada" I mean all the people of both cultures.

Mr. Fulton: Mr. Chairman—

The Chairman: The hon. member for Yorkton.

Mr. Castleden: Go ahead.

Mr. Fulton: Mr. Chairman, I was observing closely while the hon. member for Vancouver South was making his remarks, and I noticed that the Minister of Finance interrupted the reading of his newspaper long enough to converse briefly with the Minister of Citizenship and Immigration. I wonder if the Minister of Citizenship and Immigration is now in a position to answer the question which he said earlier was really one having financial implications rather than one for his department.

Mr. Harris: I am sure the hon. member for Kamloops is not in a position to do mind-reading, on this side of the house at least. It was I that conferred with the Minister of Finance, and not he with me; and our conversation was one which I am sure the hon. member would not like to hear.

Mr. Knowles: Very smart!

Mr. Fulton: There are lots of conversations over there that we do hear sometimes, but that are not very enlightening. So what

passed between the two ministers, in the light of the minister's remark, perhaps could be left for the public to judge.

However, the Minister of Finance is here, and—

Mr. Knowles: —has finished his paper.

Mr. Fulton: Could he tell us what the implications are of this move to Montreal, so far as employees of the film board are concerned, with respect to income tax?

Mr. Abbott: I have not the faintest idea, Mr. Chairman.

Mr. Ferguson: And you care less.

Mr. Fulton: Well, that is obvious. My hon. friend from Simcoe North merely draws attention to the obvious. Does the Minister of Citizenship and Immigration, then, not consider that perhaps the move to Montreal should be delayed a while, and this item therefore eliminated while the implications are being considered and the matter possibly straightened out?

Mr. Ferguson: He cares less, too. So, why talk about it?

Mr. Castleden: I have listened with great interest to the hon. member for Vancouver South. Listening to the hon. member one would almost think that the C.C.F. group had suggested that we should not spend money on a building for the national film board. That was the basis of the hon. member's argument. I would point out to him that we have supported a building for the national film board, but we want it built here—and I think he knows that very well.

You know, Mr. Chairman, his speech reminded me of a little poem that goes like this:

> You cannot hope to bribe or twist,
> Thank God, the British journalist.
> But seeing what the man will do unbribed,
> There's no occasion to.

And I think that probably fits him quite well. The protests which have followed the news that the government is moving the national film board from Ottawa to Montreal show that you can push the Canadian people too far. These protests do not come only from Ottawa. You cannot always measure public reaction or opinion with an engineer's slide rule.

To give an illustration, my constituency is located almost two thousand miles from here. I have received resolutions from very responsible groups in my constituency of Yorkton who are interested in the value of the educational work the film board is doing. To some people this interest might seem strange, but it is an indication of something that is very important. I am pleased to know that they have protested, and I was pleased to receive a request from them to rise in my place in the House of Commons and express their protests against this move by the government. My people are protesting against the removal of this fine organization, the film board, with its record of progress, and its establishment here in Ottawa for a number of years. It is an organization just reaching its full vigour of maturity and manhood which, suddenly, finds that it is torn up by its roots and moved to Montreal.

My people are asking the reason for all this. Why is it being done? What is behind this? Has there been a clear statement of government policy? Who started it? Have they studied the full implications of their actions? I am pleased, as I say, that the Canadian people are alert to an injustice. Naturally they imply—because they have been given no information to the contrary—that some concessions must be given to some people, or some personal privileges handed out here or there. They know that that part of Canada sends a pretty solid bloc to support the government in Ottawa at every election—irrespective of what they might do provincially, when they send a solid bloc to support the Duplessis government in Quebec.

The manner in which the government has carried out this piece of administration is, in my opinion, pretty bad, and they will reap the results.

Mr. Murphy (Lambton West): And that is what the hon. member for Ottawa West said.

Mr. Castleden: The maintenance of unity is a matter of great concern to every government in Canada; that is one of the things that make the maintenance of government an unpredictable thing in this country. It is an odd experience. And this government is responsible for stirring up all kinds of suspicions that something is wrong. The people would prefer to have a forthright statement right from the beginning. They would ask the government what it intends to do and what arrangements have been made—instead of allowing all these rumours to be circulated across the country from coast to coast. The protests being made from all parts of Canada are a clear sign that something is wrong. We have tried to get forthright answers from the government ever since the session opened last November, at which time members in the opposition asked the government what was going to be done. The reply was, "Oh well, the matter has not been finalized", and "the contracts have not been let."

The whole matter of the effect which this will have upon the established people who have helped to build the film board is an important matter. It cannot help but have an effect upon them, since it will mean tearing up by the roots what they have established over the years. It will have an effect on the education of their children, since they will be leaving places where they have established themselves and where they have felt secure, where they have been able to build the kind of home they like. The morale of these people is very easily destroyed by moves such as this.

Tonight an hon. member from Montreal said that if we decide to move they can come along or they can quit. Such an attitude is scarcely the one to adopt toward senior civil servants who have abilities and qualities which are of a high order and of the calibre required to do the kind of delicate job that is undertaken by the national film board. I can only say that the whole thing has been ill-conceived, poorly timed and miserably executed.

It is very harmful to the good work that the national film board has done and it disturbs, to a greater degree than the government probably realizes, the balance that is required in Canadian unity. It might have been avoided if this government had come out with a policy in the early stages and had given a forthright statement of policy right from the beginning to the end.

I want to tell this government that there are some things, such as the feelings of people, and ideas that lie in the minds of people, which are dear to them, and when they are hurt, it takes a long time for the wound to heal.

Mr. Fraser (Peterborough): When the hon. member for Vancouver South spoke he said to hon. members that what we should do is to let the members of the national film board pick out the site, do this, that and the other thing. He said that they had studied the matter and they knew all about this project. The hon. member did not tell us what a mess the members of the national film board made of the national film board before 1948 when the Gordon report was brought in. If the members of the national film board were the same as those previous to 1948, I think he would agree with me that the decision as to the change should be left to parliament.

I was glad that the hon. member for Mount Royal mentioned that, before the present minister took over, the national film board was at a very low ebb. I said that he had better not let the Minister of National Revenue hear him say that.

The minister said that the site for the film board in Montreal was going to cost $240,000. I think that is the figure he gave us the other day. The city of Ottawa offered a site free.

I have one objection to the moving of the film board to Montreal. I am afraid that by moving the national film board to Montreal its activities will not be watched as closely as they should be by the minister. He will not have the opportunity or the time to be running back and forth.

This afternoon I mentioned the director who was put in to clean up the mess. I will say this—I said it a year ago—that he did a good job; but I do object to the way in which he was engaged, with a plum hanging out on the end of the limb to the effect that if he did a good job, at the end of three years—

Mr. Winters: That is no more accurate this evening than it was this afternoon.

Mr. Fraser (Peterborough): If it was not right, then how is it that three years before it happened I asked the minister if it was going to happen and he said no. And three years afterwards, almost to the day, the gentleman was appointed to a diplomatic post. I say, more power to him. But if he retires after five years he has a pension for life. That was quite a nice plum to hang out, and I hope that the present director of the national film board worked out a bargain with the minister that is just as good. If he did, he is a good man.

The Chairman: Order. May I also say that these remarks are about as much in order this evening as they were this afternoon.

Mr. Fraser (Peterborough): I agree with you, Mr. Chairman. Since you have said that, I will not say any more about it.

In the public accounts for 1953 there is an item of $306,892 for removal and travelling expenses. I just wonder what that item will be after this film board building is put up in Montreal. It will be triple that or more. It cannot help but be that much.

When he spoke the minister said that in the United States the different departments of the government were spending more than the film board spent here. The minister did not say that the different departments of the government of the United States pay their own way. They do not get buildings absolutely free. I understand that the buildings they occupy in the United States are charged up to them, but they are not charged up to the national film board here. The national film board in this country does not pay rent for the buildings or anything of

that kind. All they pay is their operating expenses and what they purchase. I should like to ask the minister a few questions. He mentioned the New York architect who had been engaged. Will the minister tell us what has been paid to that architect so far, and what arrangements have been made with him? The minister mentioned on April 9 that they did not have the plans of the building. But in Mr. Irwin's report of 1952 I find this:

> The minister added that plans for the proposed building were being prepared by the Department of Public Works. It is expected that these will be available during the current fiscal year.

That was the fiscal year 1952-53. I want to know whether the minister was right or wrong when he said on April 9 that he did not have the plans.

Mr. Winters: Of which year?

Mr. Fraser (Peterborough): Of last year. The minister said in 1952 that he did not have the plans, but that they were being prepared.

Mr. Winters: One minor point: the Minister of Public Works said that on April 9, 1952; but there is another Minister of Public Works today. However, he was correct in the statement he made at that time.

Mr. Fraser (Peterborough): Well, if he was correct at that time, why did the minister not have the plans last year? I think the minister is wrong, because in the paragraph preceding the one I just read, these words appear: "Hon. Mr. Winters". I think that is the Mr. Winters sitting opposite me now.

I should like to know what it costs to rent the nine buildings here in Ottawa, as well as the two storage buildings which the minister mentioned the other night. What does the char service cost—as Minister of Public Works the minister should know this—for these buildings? I do not believe the government carries any insurance on the buildings, and if there is a fire, everything will be gone. Some of these buildings are rented and I believe some are owned. I should like to know what the upkeep charges on these buildings are. I should like to know if the department has figured out what will be the cost of the upkeep of this new luxurious building in Montreal.

Mr. Winters: It is not luxurious.

Mr. Fraser (Peterborough): It is a luxurious building in every sense of the word; it cannot be anything else at that price.

Mr. Winters: It is minimum accommodation.

Mr. Macdonnell: What about the pool?

Mr. Fraser (Peterborough): I should like to know what the upkeep cost will be. What will be the carrying charges? There will be interest on the money expended and I should like to know just what that will be. I have asked about the char service. What will be the total cost of the upkeep on the new building, and what is the total cost of the present buildings?

I have said this before, but I repeat that I sat in on the national film board meeting and I sat in on the public accounts committee. I feel that the national film board should be placed on a sound business basis in every way so the people of Canada will know exactly what is being spent. The public works department absorbs the cost of char service, rentals and everything else, and I feel that those should be charged to the national film board as well as interest charges on the money expended. I feel that it is due to the people of Canada that that should be done.

I said last year, and I shall not repeat it, that the film board is doing a good job. I said also that I thought it was on a better basis by far than it had been before. It provides something that the people of Canada need, something that they want, but they want to have this board run properly. When this matter was brought up on Tuesday there seemed to be some misunderstanding as to the distribution functions of the film board. I believe tonight one hon. member mentioned the fact that it was a great boon to the rural people.

From what I can see, from what I have heard, and from what I have read, I believe that the people in the urban centres of Canada benefit just as much as those in the rural sections. There seems to be some understanding also both in and outside the house with regard to the distribution of films and the work of the film councils that are set up. The national film board has a man in each district who is paid a salary plus living expenses. I believe these men are doing a pretty fair job. They set up the film councils. These councils have nothing to do with the board, except that the district man guides them along their way.

I know that in my own city of Peterborough those who wish to belong to the council pay $2.50 per year. They are allowed to have what films are in the library, and if they are brought from outside they pay the shipping charges or whatever it may be. It may cost them fifty cents a night for a film, or it may cost $4 or $5.

There is also a film council in the county. There is one school in which I am interested

that pays $20 to belong. The district man comes up about once a week to show films and it is worth it. They are doing a good job. It is not only national film board films that are shown; films produced by different companies in different countries are also shown. In most cases they are educational.

I am afraid that the chairman may call me to order on this, so I had better not say anything more. I repeat, I am afraid that if this move is made to Montreal the Minister of Citizenship and Immigration, who is now responsible for the board, will not be able to keep his finger on it as he should. We do not want this film board to get out of hand, as it did, and grow up like Topsy.

Mr. Winters: This is an item to cover part of the cost of a new building in Montreal and I have not before me the figures on the char and other maintenance service for the buildings here in Ottawa occupied by the film board. I am speaking from memory and subject to correction, but I believe the fee to John and Drew Eberson was $35,000. I wonder if the hon. member would be satisfied if I got the other information and gave it to him when the first item of public works is before the committee.

Mr. Fraser (Peterborough): That will be quite satisfactory.

Mr. Hansell: Mr. Chairman, it has become quite a habit in this house—sometimes I have fallen into it myself—that when an hon. member rises he says that he has been listening with a great deal of interest to the speeches that have been made. But I must confess tonight that I cannot pull that one this time because I have not listened with very much interest to any of the speeches that have been made on this matter of transferring the film board from Ottawa to Montreal. I was interested in the minister's reply, and I considered it a rather weak attempt to give a reason for the move. But I really have not been able to work up too much interest in the subject.

One or two hon. members have said that they have received many protests from all over the country. I am not going to doubt their word, but frankly I do not believe the people outside of Ottawa and Montreal care one snap of their fingers where this film board is located. I do not think the people in Macleod constituency care where it is located. As for receiving protests, I have not received one. I have inquired of some of my colleagues around here and they have not received any either. Of course we come from the two western provinces and the matter may be so geographically remote that we do not expect them to do much protesting.

[Mr. Fraser (Peterborough).]

There are one or two things I should like to say since this is an item respecting the national film board. In years gone by I have been somewhat critical of the national film board and also of the Canadian Broadcasting Corporation, while at the same time I have tried to be fair and admit that in a measure both these organizations are trying to do a good job. As far as the films turned out by the national film board are concerned, I believe they have done some pretty fine work. However, when it comes to films of a dramatic nature I do not care how much we spend on a building or how much hon. members talk about the various cultures that are to be found in Canada, and whether there is more culture in Montreal than in any other centre. I do not believe there is. I believe there is just as much culture in any other great metropolis in Canada as there is in Montreal. I follow some of the cultural programs on the radio and I must admit that Montreal has its fair share of dramatic talent, but there are other places in Canada, and I am thinking of Winnipeg, where there is equally good dramatic ability. As regards the dramatic arts, Winnipeg must rate very high indeed.

Mr. Knowles: Hear, hear.

Mr. Hansell: I do not include the political arts.

Mr. Knowles: It is higher still when it comes to that.

Mr. Hansell: As regards the city of Vancouver, I will say that it must rank pretty high when it comes to the dramatic arts. You can listen in to the radio as well as visit the "Theatre Under the Stars" during the summer and you will hear and see some pretty good productions. An hon. member here suggests Toronto, and I can say "Amen" to that. As regards the dramatic arts, I wish the film board well in their efforts, but if they are ever going to attempt to compete with Hollywood productions or some of the J. Arthur Rank productions then they have another think coming. Never in the wide world will they be able to surpass the productions of the major motion picture industries of the United States and Great Britain. However, when it comes to publicizing Canada, I believe that is where their main effort may be most effective. The series "Canada Carries On" has been of tremendous value to Canada. The series "Eye Witness" are excellent productions. But I have some limited criticism to make of the "Eye Witness" productions. I do not like the first scene of "Eye Witness" when the picture opens and you have to look twice to see what that thing

is. After you look a few times you gain the impression that it must be the lens of a camera—and it is.

The Deputy Chairman: The hon. gentleman may remember that a short time ago I considered it my duty to point out to a previous speaker that we are discussing the construction of a building for the film board and not the production of films. I would be glad if the hon. member would confine his remarks to the matter under discussion.

Mr. Hansell: Thank you, Mr. Chairman, for drawing that to my attention. I should have been wise enough to recognize that. However, you have stopped me at an extremely interesting point and I would like to know whether, if the film board is moved to Montreal, we will still have to look at that lens, and whether we will still have to look at what appears to be a relief map. When I first saw that map I thought I was looking at someone's cancerous liver, and on a second glance I found I was looking at a relief map of Canada. If that is changed, the "Eye Witness" productions will be much better.

I have only a few minutes left, Mr. Chairman. I would like to emphasize that the film board has not only the responsibility of producing good pictures, but also the responsibility of depicting, if possible, the glories of our free and democratic way of life. That, Mr. Chairman, is a tremendous responsibility. In days gone by there has been some feeling on the part of several hon. members that perhaps the film board has not been doing its job along that line. In addition, the minister has not given a reason that will satisfy me for moving the board to Montreal. I will project my own reason, and I do not know whether I am far out. I believe they want to get the board away from this parliament. I believe they regard members of parliament as being capable of learning too much if that institution is located near where we operate.

Some hon. Members: Oh.

Mr. Hansell: Some hon. members say "Oh," but that does not impress me in the least.

Mr. Knowles: That is all some of them can say.

Mr. Hansell: An organization such as the national film board is one of the most powerful media of thought and propaganda in the world, and I believe the government thinks that members of parliament should not be too close to the scene of operations lest they learn too much. I base my opinion on what I believe is a very important principle. The hon. member for Kamloops asked a few questions the other day and was unable to obtain answers.

Mr. Fulton: I did not get the answers tonight either.

Mr. Hansell: Subversives have operated in various democratic countries and my bet is, Mr. Chairman, that they have not overlooked the most powerful medium of propaganda which is operating in this country and in the world. They are not so foolish as to overlook that. One might ask "What are you inferring?" But what can I do but infer? I cannot get any information.

Mr. Murphy (Lambton West): Ten o'clock.

Mr. Hansell: My hon. friend from Lambton West calls it ten o'clock, Mr. Chairman, and for him I would ask you to call it ten o'clock.

Mr. Harris: Mr. Chairman, I wonder if it might be possible for both my hon. friends to agree to suspending the ten o'clock rule until we get a vote on this amendment.

Some hon. Members: No.

Mr. Hansell: As far as I am concerned, Mr. Chairman, I would be agreeable.

The Chairman: Is it agreed?

Mr. Thatcher: No, Mr. Chairman, it is not.

Mr. Fulton: I put certain questions to which I am still awaiting an answer.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Last evening I announced the business for tomorrow. We will take the housing act first. When it is disposed of, we will proceed with this debate.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, March 5, 1954

The house met at 2.30 p.m.

UNEMPLOYMENT INSURANCE

REQUEST FOR STATEMENT ON ARREST OF CERTAIN PERSONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I direct a question to the Minister of Labour? Has the minister any statement to make on the report appearing in this morning's Montreal *Gazette* concerning the arrest of certain persons in connection with alleged unemployment insurance irregularities? In making such a statement, will the minister do what he can to protect the good name of the nearly 7,000 unemployment insurance employees who give good and honest service from one year's end to the other?

Hon. Milton F. Gregg (Minister of Labour): With regard to the first part of my hon. friend's question, as he will be the first to agree, since the matter of arrests reported in this morning's *Gazette* is now in the hands of the courts it would be quite improper for me to make any statement on it.

With regard to the second part, I welcome the words he used. As hon. members know, the staff of the 220 unemployment insurance offices across Canada handle very large amounts of money each day under circumstances which make the work very difficult. I would be the first to ask the house to pay high tribute to the work of the many devoted servants of the unemployment insurance commission, and as far as I know this is the first instance of the kind of any importance that has happened during recent years.

NATIONAL DEFENCE

CALIBRE OF BELGIAN FN RIFLE—STATEMENT WITH RESPECT TO ROUNDS

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Yesterday, the hon. member for Winnipeg South Centre (Mr. Churchill) asked me a question about the rounds, whether I was aware that the Belgians use the FN rifle which uses the ·306 round. I answered yes. I answered that really on the understanding —perhaps I did not hear him correctly—that he was asking about the 30-06 round. In that event the answer is yes. If he was asking about a ·306 round then I would have to answer no, because I do not know of the existence of any such round. I should add that the Belgian government announced its intention to adopt the FN rifle with the ·30 standard NATO round on February 10, 1954.

PRAIRIE FARM REHABILITATION

MANITOBA—EXTENSION OF SCOPE OR DESIGNATED AREA

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of Agriculture. Is it the intention of the minister to recommend to parliament the extension of the scope or designated area of the Prairie Farm Rehabilitation Act in the province of Manitoba?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member for Dauphin was kind enough to send me notice of his question. I will have to say in reply that such a decision is a matter of government policy which will be determined in due course.

INCOME TAX

STATEMENT OF REASON FOR ALLEGED INSTRUCTIONS TO DEPARTMENTAL STAFF

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): Yesterday, the hon. member for Three Rivers (Mr. Balcer) asked this question:

> What is the reason why the employees of the taxation division of his department are not treated in the same way as the rest of the taxpayers in Canada in regard to receipts for charitable donations?

The answer is: For good administration and to ensure that the integrity of our own staff is beyond question. I might also point out to him that the Canadian procedure is not as rigid as that of the bureau of internal revenue in the United States, where employees of that department are required to file affidavits with their tax returns.

Mr. Balcer: May I ask a supplementary question. Is it the intention of the department to extend this practice to all the taxpayers of Canada?

Mr. McCann: That is a matter of policy, Mr. Speaker, which has not yet been determined.

CANADIAN NATIONAL RAILWAYS

CANCELLATION OF COAL ORDER—DRUMMOND COLLIERY

On the orders of the day:

Mr. H. B. McCulloch (Pictou): I should like to direct a question to the Minister of Mines and Technical Surveys. Will the government state why the total order for 37,000 tons of coal as agreed upon by the Canadian National Railways management and the Drummond mine at Westville has not been completed according to arrangements? Is it the intention of the C.N.R. to complete the full order? If not, why not?

Hon. George Prudham (Minister of Mines and Technical Surveys): I have not had prior notice of this question and I should like to take it as a notice, and either the Minister of Transport (Mr. Chevrier) or I will answer on Monday.

WHEAT

ALLEGED COMPETITION OF ARGENTINE CROP

On the orders of the day:

Mr. H. A. Bryson (Humboldt-Melfort): Would the Minister of Trade and Commerce comment on a dispatch in this morning's Montreal *Gazette* that the new Argentine crop, together with a proposed change in export price policy, will provide stiffer competition this year for Canadian wheat?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Argentina is a traditional exporter of wheat, as are Australia, the United States and more recently Turkey. Each of those countries sell their wheat in competition with one another. I am confident that the quality and the pricing policy associated with Canadian wheat will enable Canada to hold its own in competitive consuming markets.

Mr. H. R. Argue (Assiniboia): May I ask a supplementary question. Does the coming of Argentina into the export markets explain in any way the fact that Italy has not bought any of its 31 million bushel quota under the international wheat agreement?

Mr. Howe (Port Arthur): Argentina has always been in the export market. For two or three years that country had droughts which cut down the quantity of grain available for export. Last year they had a very good crop and they sold some wheat to Italy. Italy bought certain wheat from Canada, I may inform my hon. friend.

Mr. Argue: That was last year.

Mr. Howe (Port Arthur): Last autumn.

Mr. Argue: But not under the international wheat agreement for the current crop year.

Mr. Howe (Port Arthur): Yes.

Mr. Argue: Not according to your wheat review.

Mr. Howe (Port Arthur): I know that certain Durum wheat was sold to Italy last autumn, and anything that is sold after July 31 is included in the current crop year.

UNITED NATIONS

FAO COMMITTEE MEETING—INQUIRY AS TO CANADIAN REPRESENTATION

On the orders of the day:

Mr. E. G. Hansell (Macleod): May I address a supplementary question, perhaps to the minister of external affairs. I am sorry that I did not give notice of it, but it is a supplementary question with respect to surpluses of food and agricultural products. I believe the food and agriculture organization is presently holding a conference in Washington at which several nations are represented, but I do not believe that Canada is among them, at least not officially. Would the minister care to say now, or perhaps on Monday, whether Canada has a delegation or an observer at that conference. They are discussing the possibilities of disposing of agricultural surpluses.

Right Hon. J. G. Gardiner (Minister of Agriculture): I answered that question a few days ago. The situation is that we were at the FAO conference in Rome and a committee was appointed upon which Canada was not represented. It was understood that Mr. Hopper, the agricultural representative at Washington, was to be called in if there was any necessity for doing so.

CANADA EVIDENCE ACT

SUGGESTED AMENDMENT TO MAKE SOURCES OF INFORMATION OF PRESS AND RADIO CONFIDENTIAL

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the Acting Prime Minister (Mr. Howe) has asked me to reply to a question which was directed to him yesterday by the hon. member for Prince Albert. The question was:

> Will the government give consideration to introducing an amendment to the Canada Evidence Act at the present session so that the sources of information of press and radio in any future action shall be considered confidential and inadmissible as evidence?

This question arises, as the hon. member has indicated, as a result of a certain action

in the British Columbia courts entitled Wismer *v.* Maclean-Hunter Publishing Company and Fraser. This was a civil action for damages arising out of an alleged libel. I understand that in the course of these proceedings it was held that where malice is a relevant issue the defendant may be asked the name of his informant unless it appears that the plaintiff had an improper motive in seeking that information.

The Canada Evidence Act does not apply in the case of civil actions in the provincial courts; consequently the amendment to the Canada Evidence Act which has been suggested by the hon. member for Prince Albert would be entirely ineffective in any such future action.

Mr. J. G. Diefenbaker (Prince Albert): Would the Minister of Justice comment on the fact that in the Alberta press case of 1938 the Supreme Court of Canada held that freedom of the press was not a matter of provincial jurisdiction but came within the ambit of the federal authority as part of our parliamentary system.

Mr. Garson: I should be glad to comment upon that. My hon. friend is quite right in what he says about the Alberta press case. But that point has nothing to do with the judgment in the present case under discussion which was in a civil action for damages for an alleged libel; and the question we are discussing was as to whether a defendant could by interrogatories be asked the source of his information. I am sure that my hon. friend will agree that if it were thought desirable, as he seems to think it is, that an amendment to an evidence act should be passed to apply to a situation of that kind, it would have to be to the British Columbia evidence act and not to the Canada Evidence Act.

Mr. Diefenbaker: I was just wondering whether in view of the supreme court decision that would be so.

VETERANS AFFAIRS

INQUIRY AS TO AMENDMENTS TO WAR VETERANS ALLOWANCE ACT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the Minister of Veterans Affairs whether the government has yet reached a decision on the question of introducing legislation at this session to amend the War Veterans Allowance Act.

Hon. Hugues Lapointe (Minister of Veterans Affairs): I might say to the house that some time ago I indicated that legislation other than that which had been introduced up to then would be introduced before the end of the session. My hon. friend will find out when it is brought before the house just what that legislation is.

NATIONAL HOUSING ACT

SUBSTITUTION OF NEW LEGISLATION TO INSURE APPROVED LENDERS, ETC.

The house in committee on Bill No. 102, to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and building conditions—Mr. Winters—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Fleming: Mr. Chairman, with the return to the House of Commons of Bill No. 102, the house is again faced with a bill referring to what is still one of the most vitally important subjects for all Canadians, namely, housing.

It was on January 28 that the house gave second reading to this bill. In the meantime the bill has been submitted to what I believe I may fairly call exhaustive study on the part of the standing committee on banking and commerce. That committee proceeded to its task with diligence. In the period between February 2, when it held its first meeting on the bill, and March 2 when it concluded its labours on the bill and reported it with a number of amendments that committee held, if my reckoning is correct, no fewer than 23 meetings. In my experience of 8½ years as a member of the banking and commerce committee I do not recall any case where that committee has given more careful and constructive study to any measure laid before it than it did to Bill 102. There has been no evidence whatever of partisan considerations in that committee, but the desire evidenced on all hands was to make this bill as good and as effective a piece of legislation as was possible within the principle of the bill as approved by the house on second reading.

The chairman of the committee, the hon. member for Spadina, is I believe also deserving of commendation for the way in which he presided over the sittings of the committee, and for his conduct of the affairs of the committee. While we did not agree on all matters, nevertheless he did contribute to the atmosphere of co-operation which prevailed.

The committee has heard extensive evidence. That evidence has not been printed

as yet in its entirety, Mr. Chairman, and perhaps it is regrettable that the house, now in committee of the whole, is dealing with this matter without having before it all the evidence taken in that committee. It is probably a fair estimate that the evidence when printed in its entirety will extend to something like 600 printed pages, all in small print at that.

The evidence was drawn from many very competent witnesses representing organizations whose views are entitled to be treated with respect on the part of that committee and this house. No doubt the principal witness was Mr. Mansur, the very able president of the Central Mortgage and Housing Corporation. It is not the first time that Mr. Mansur has appeared before the banking and commerce committee as a witness. The committee heard him at very considerable length two years ago when it reviewed the operations and reports of the Central Mortgage and Housing Corporation. I believe this tribute is due to Mr. Mansur. He has always shown himself to be a well informed, willing and co-operative witness. His answers were clear and they always impressed the committee as being frank. I believe the committee is much indebted to Mr. Mansur for the evidence which he tendered to it at many of the 23 meetings which were held.

We also heard evidence, Mr. Chairman, from representatives of such organizations as the Dominion Mortgage and Investments Association, represented by its president, Mr. John T. Bryden. We heard from Mr. Atkinson, president of the Canadian Bankers Association, and from Mr. Graham Towers, the governor of the Bank of Canada. We also heard from representatives of the three national labour organizations, and from representatives of the Canadian Construction Association, the Canadian Home Builders' Association, the Canadian Association of Mayors and Municipalities, the Co-operative Union of Canada and others.

In all cases, Mr. Chairman, the evidence given was of very substantial assistance to the committee and through the committee to the entire House of Commons.

Organizations of this kind and their representatives perform a most useful public service in placing before a parliamentary committee the fruits of their study of a measure of this kind and the important subject upon which it is based.

Let me turn back to put in its setting the position in which the house found itself after giving this measure second reading on January 8. In saying this, Mr. Chairman, I do not propose to reopen the debate on second reading. What I propose to do is to put in its setting what occurred then and to lead up to what I hope will be a constructive review of some of the evidence submitted to the committee, much of which is confirmatory of the views which some of us sought to place before the house on second reading, and other parts of the evidence of interest on other accounts.

The procedure of this house requires that even in a bill of a technical nature in which the principle is not easily isolated or identified, that principle must nevertheless be approved before the bill is submitted to a detailed study in the committee to which it is referred, whether the reference is to the committee of the whole or to one of the select committees of the house.

I believe the procedure followed in another place does not involve that same approval in principle on second reading before the bill is given detailed study in a committee, and there are occasions when such a procedure, it seems to me, has a definite value. It would have value on a bill of this kind which is largely a technical bill, which covers a vast territory, and which by common agreement was to be referred after second reading to the standing committee on banking and commerce for detailed study and review.

On second reading, Mr. Chairman, the point of view of the official opposition was put forward—and I think I am summarizing it fairly—in a manner which was designed to enable us to discharge our duty as an opposition by scrutinizing that bill very closely and by seeking to compare it as far as was then possible with the accomplishments under the legislation which it was proposed to replace. We sought to expose what we believed to be the dangers involved in the bill, acknowledging at the same time benefits that were held out for the bill by those who introduced it. We sought in a fair and, I hope, constructive way to put the bill in such a setting that its value could be measured not in terms of the propaganda which had been built up around it, but in terms of its true merits. It was recognized that the bill, in the great majority of its provisions, was simply a re-enactment of existing provisions of the National Housing Act and it was on that basis, Mr. Chairman, and I want to lay emphasis on this, that we of the official opposition voted for the bill on second reading in order to approve what we considered to be the principle of the bill.

It was a little surprising that, despite that frank and, I hope, constructive way in which we approached the bill, and made our position known for the four days during which this

bill was debated on the motion for second reading, hon. members opposite should shout in derision when we voted for the bill on second reading as though there was something inconsistent in the position which we had taken in voting for that bill on second reading. The official opposition was completely consistent with the position which it had taken on that bill.

Whatever may have been our feeling about the way in which hon. members opposite conducted themselves when the vote was being taken on second reading, let me emphasize, sir, that it did not affect our position in the committee. We went into that committee, and I am quite sure the chairman and other hon. members of that committee will readily acknowledge this, with a completely constructive attitude. There were no partisan considerations evident in that committee, so far as I am aware, at any time.

The desire shared by all members of the committee, regardless of party, was to report back to the house as effective a measure as could be devised within the powers given to the committee with respect to Bill No. 102. The bill has now come back to the house, which is now sitting in committee of the whole, with a number of amendments which I think, in all cases, can be described as technical amendments. In these amendments there has been no interference with the essence of the bill or with the nature of the new scheme that is proposed therein.

Let us then consider this bill in relation to the underlying purpose of it. The purpose indicated in the debate on second reading and before the committee can, I think, be fairly classified under two headings. Broadly speaking, the purpose of the bill is to maintain the rate of house construction in Canada which last year reached a round figure of 100,000 housing units and, if possible, to increase that figure. The second aspect of the purpose of the bill is to bring it within the reach of more Canadians to build houses for their own occupancy. Therefore the question which the committee must ask itself at this stage is whether, in the light of the knowledge that we now possess, the bill is likely to accomplish this purpose of a twofold nature.

One of the first questions put to Mr. Mansur—and I am dealing now with the latter aspect of the purpose of the bill, namely to bring it within the economic power of more Canadians to build their own houses—was what would be, in his estimation, the increase in the number of those within the band of effective economic demand as a result of the enactment of this bill with its provision for reducing the down payment and lengthening the amortization period of mortgages. I consider his answer must be regarded as setting the boundary within which we must approach the whole question. I think it is correct to say that Mr. Mansur's answer came as a surprise to many of us, in view of the elaborate build-up the bill has had. His answer was that the bill would enlarge existing effective economic demand in Canada for homes by between 5,000 and 15,000 persons.

That answer is to be measured as against further testimony of Mr. Mansur. He was asked what is today the effective economic demand for houses; in other words, what is the number of Canadians who want to build houses under the provisions of the National Housing Act and who have the means today to meet the existing terms as to down payment, income and so forth. His answer was 120,000.

In order to see this bill in its true perspective, Mr. Chairman, we must realize that what Mr. Mansur was saying was that if the bill is enacted you will increase the number of those who are today in the field, qualified under the act and able to purchase within its terms, by between 5,000 and 15,000. Let us take the middle figure for percentage purposes and let us say it is 10,000. That would represent an increase of 10,000 on top of an existing number of 120,000. Therefore it means an increase of something between 8 per cent and 8½ per cent.

Accordingly, Mr. Chairman, when we look at the bill in the light of that important evidence, I think it becomes immediately apparent that the bill is not going to work all the wonders that some—and particularly some hon. members opposite in their speeches on second reading—held out for it. The pictures that were drawn of the new heaven and the new earth that was suddenly going to be created following the introduction of this bill and the new scheme of insured loans just does not stand against the evidence given by Mr. Mansur, who was a most capable and informed witness. I say that not in any hostile sense, Mr. Chairman; far from it. I say it with a view to asking this committee of the whole house to consider the bill in its true proportions, stripped of a lot of the propaganda that has been built up around it from government sources.

Let us now examine the means by which the existing band of economic demand is to be enlarged. The two methods put forward are, first of all, a reduction in the down payment and, second, the extension of the period for repayment of principal. I am not going to dwell on those aspects because

I am sure the terms of the measure are well known to the committee. So far as the down payment is concerned, I think what has been said on the other side of the chamber in relation to the measure must be compared with what I have just recalled of the evidence of Mr. Mansur. As to the extension of the period of amortization from the present period of twenty years to a maximum period of thirty years, it is quite evident that the extension of the time will help to increase the number of economic purchasers, as will indeed the provision for reducing the down payment. But let us remember that extending the period of amortization increases, in the aggregate, the carrying charges. Let us also bear this point in mind because I think it is something that is of crucial importance, and I propose to say a little bit more about it when I come to the subject of interest. Simply because there is an extension of the period of amortization from the present twenty years to a maximum of thirty years, we cannot assume that there will necessarily be any reduction in the amount of the monthly payment. Let us also bear this further point in mind. With the reduction in the down payment, there will be a corresponding increase in the mortgage. Let us bear in mind also that if there is an increase in the rate of interest you are going to have a situation where, depending upon the amount, the monthly payments could actually increase under the present bill.

Having made those passing comments on the problem of bringing it within the power of more Canadians to qualify for home purchase under the act, let me turn now to what has become, in the light of the bill, a matter of the highest importance. When the Prime Minister made his announcement of this measure on October 1, he indicated that the purpose of the legislation, when introduced, would be to increase the supply of funds available for loan on mortgage security. He took account of the present prevailing high rate of home construction in Canada—running in 1953, as I have said, to a figure of about 100,000 units per year—and said that it would be necessary to find new sources of mortgage funds if the necessary financing to sustain a home construction program of that size were to be assured. The scheme of insured mortgages is the government's answer along with the enlargement of the group of approved lending institutions by the inclusion therein for the first time in Canada's history of the chartered banks and Quebec savings banks. No one in Canada, in fact, no one on this globe, can say with certainty what will be the result of the enactment of this bill so far as sources of mortgage funds are concerned. We can simply take the evidence that has been put before us and weigh it, recognizing that it is based largely upon estimate and opinion.

The first result of the bill will be the abolition of the joint loans under the present part I of the National Housing Act. That will immediately result in the withdrawal from the supply of available mortgage funds of $60 million per annum which the government now is contributing through Central Mortgage and Housing Corporation to the total now available. Therefore we must be assured that under this measure there will be at least $60 million of new funds available, and we hope more, for there would be little use in tearing up the present National Housing Act and replacing it with another if there were not reasonable assurance of a substantial increase over that $60 million per annum from funds available from new sources.

The great bulk of mortgage funds available hitherto has come from the approved lending institutions consisting of the life, loan and trust companies in Canada. The evidence tendered on their behalf before the committee indicates that we may expect, subject to payment of attractive interest rates, a continuation also of approximately the same volume of mortgage funds as they have made available in record amounts in recent years. They do not foresee an increase in funds available. They consider that they are now lending to the limit on mortgage security. The question was asked: Will there be other new sources? Is there any indication that funds will perhaps be available from outside Canada which have not hitherto been available from foreign sources? Mr. Mansur was able to tell us that there had been some inquiries from foreign capital, which might indicate that there is some little possibility at any rate that funds may be attracted into this country for investment in mortgages under the provisions of this bill which may not have hitherto been available. As things stand now, those are only inquiries.

But it is quite clear, Mr. Chairman, that the house must depend principally upon the chartered banks for new sources of mortgage funds to replace first of all the $60 million of government money which will not now be contributed to the pool of mortgage funds, and to augment the total after that. I wish to be fair in my treatment of the evidence on this very important aspect of the bill. Let us recognize in the first place that insured loans, that is, mortgage loans

insured by a government agency, are something absolutely new in Canadian experience. The United States has had a form of insured mortgage loans under federal legislation, but for Canada this is something quite new, and only time will tell the extent to which the insurance feature of this scheme will have the effect of attracting sources of capital. Time will be needed to measure public reaction, the reaction of sources of capital, and the usefulness of the scheme in general.

Let us recognize, sir, that there are disagreeable tasks accompanying the enforcement of the mortgage security. Under the bill there is no claim open to any mortgagee holding an insured loan unless he delivers title and possession to Central Mortgage and Housing Corporation. That undoubtedly will require in all cases either foreclosure or acquisition of the title of the mortgagor by quit claim deed. Those tasks are not very attractive to any mortgagee, particularly if this is new in his experience. The prospect of moratorium legislation or debt adjustment legislation in the event of a recession in Canada looms very high, and the effect of moratorium legislation or debt adjustment legislation would be to put it beyond the power of any mortgagee holding an insured loan to deliver title and possession and thereby qualify himself to make a claim for payment under the insurance guarantee on the part of Central Mortgage and Housing Corporation.

I come directly now to the question of what we may expect from the chartered banks of Canada by way of funds for this new type of mortgage. This, I take it, is in the last analysis the crux of the bill. We are looking to the possibility of sustaining the rate of house construction in Canada of 100,000 units a year. We hope to increase that. The capacity of the Canadian house building industry was described to us as somewhere in the neighbourhood of 125,000 units. Very well. Let us then examine the evidence on this point. Mr. Atkinson, the president of the Canadian Bankers Association, was their spokesman. He brought a brief which he said had been submitted to all members of the association, which includes all the chartered banks of Canada, and he said he had no doubt that they subscribed to the brief and the views which he put before the committee.

These are the facts which are outstanding in the evidence of Mr. Atkinson in relation to the vital question of what the banks are likely to contribute to the pool of mortgage funds. First, the banks were not consulted before this legislation was announced. Second, the banks did not seek legislation of this kind nor the power to lend money on the security of real estate. Third, there is no enthusiasm on the part of the banks made evident in any degree for the scheme of the bill. Fourth, Mr. Atkinson did express genuine concern about the effect on the public relations of the banks if they are obliged, as an incident of realizing on these insured loans, to foreclose on the homes of people who undoubtedly in a large number of cases will be their own customers. He did not relish the effect on the banks' public relations of having to take that course.

Fifth, this is an entirely new field in the experience of Canadian bankers, and Mr. Atkinson was extremely cautious in many of the opinions he expressed because, as he said, he was not qualified to do so, having had no experience whatsoever in the field of mortgages on real estate. Mr. Graham Towers in his evidence recognized that this is, in the words of the expression used on page 269 of the proceedings and evidence of the committee, "a radical departure" from Canadian banking legislation and Canadian banking practice hitherto.

Sixth, let me say a word about the use that will be made of bank branches. The picture has been drawn for us that with 4,000 bank branches in Canada there will be 4,000 local mortgage lending offices.

Well, sir, that may be a very pretty picture, but it does not accord with the evidence given on behalf of the banks by Mr. Atkinson. While assuring us that the banks would do their best to make this scheme work, he did say that, while the local branches of the banks will receive these applications for loans, there is going to be very extensive supervision exercised by the banks from their regional offices, usually one in each province. If one looks at the evidence on page 301, it will be seen that Mr. Atkinson is saying that most of these mortgages, once up into the figures into which most of them are going to run, around $8,000, are going to be referred to the regional bank office for approval before the local bank manager will be able to give an answer to the applicant for the mortgage loan.

On the subject of co-operation, Mr. Chairman, Mr. Atkinson confirmed what everyone knew he could expect, namely that the banks would co-operate. The Canadian banks are such that, and I think this should be said to their credit, their co-operation in matters of public policy on any proper subject is assured. I said when I spoke on second reading that we could be assured of that co-operation. My

words to that effect are recorded on page 1329 of *Hansard* for January 21, 1954. I said, "I know we can assume that the banks will co-operate". Speaking later, the hon. member for Brantford, as recorded at page 1344 of *Hansard* for the same day, said:

> The hon. member for Eglinton thought that the banks would not co-operate . . .

His statement, of course, had no basis whatever in fact. It was completely without foundation, and indeed was the very opposite of what I had said. Let there be no doubt about it. It was said on behalf of the banks of Canada that they would endeavour to make this scheme work. There can be no doubt about that.

Mr. Dupuis: It is to their profit, undoubtedly.

Mr. Fleming: The hon. member says it would be to their profit. It must be remembered that we are dealing with a measure here which depends for its success very largely upon making this new form of investment attractive to those who have capital. Unless we recognize that fact, we can finish up legislating to provide for a scheme of mortgages which would fail to attract that capital that is going to be necessary to make the scheme work. When one talks, as I shall have occasion to do in a moment, about some of the features of this scheme, let us be quite frank with one another and let us recognize that one does not say these things with a view to mollycoddling any particular holder of capital. One says these things with a view to recognizing the realities of the situation, and to show that unless these mortgages are sufficiently attractive to capital then the whole scheme under the act could prove abortive. We could finish up with a situation where we were worse off than we are under the present act.

Before I leave that subject let me stress this. The present act has produced substantial accomplishments. There is no hon. member in this house who can contend with any degree of success that the present act has broken down or has proven a failure. On the contrary, the evidence that was adduced before the committee went to show that the accomplishments of the present act have been substantial; it has worked well. The scheme of joint loans under part I of the present act has been successful. I, for one, Mr. Chairman, do not wish to see us reaching out for shadows and giving up the substance of the present act unless I can be very sure the new bill does offer substantial advantages over what I know to be the existing advantages of the present act.

The eighth point in the evidence tendered on behalf of the banks was that the funds of the banks are now fully employed. Indeed, Mr. Atkinson said, "We are now relatively fully loaned". I am not overlooking the fact that there will be, we trust, new sources or at least there will be new bank deposits in the future. But let us remember that the banks are going to have pressing claims upon them to continue to finance business and industry in the whole broad picture of national development. Whatever funds may be put into the hands of the banks by way of new savings of the Canadian people are not going to be available in their entirety for loans on mortgage securities; let no one believe that.

Let me make this final comment upon the evidence given on behalf of the banks. How much money are the banks likely to put into this pool of mortgage funds in Canada? That is the principal question. The answer, and the only answer I think that can be accurately given to that question in the light of the evidence tendered before the committee, is that the banks are going to be very cautious in their approach. Their participation, certainly in the early stages of this scheme, is going to be limited. Mr. Towers, in his evidence, made it quite clear that, even before it became apparent to him that new sources of mortgage money would be required to sustain the existing program or to enlarge it, he felt that the time had come to remove the strict prohibition upon bank loans on mortgages and real estate. He said that in his opinion the banks would subscribe a fairly modest percentage of the funds available in their hands. At another point he said it would not amount to 25 per cent of the funds in the hands of the banks available for lending. When I pressed him, he said he had just picked that figure out of the air, and was not prepared to say what that figure would be. It was purely a negative statement he had made with regard to that percentage.

I come now to one aspect of this matter on which I think it can be fairly said the Minister of Public Works dwelt with some emphasis in his statements, both during the resolution stage and in his two speeches on second reading of the bill. It was the answer he sought to give to the problem of liquidity. Of course, we realize that the twin problems of security and liquidity facing the banks are different in their nature. The answer to the problem of security, in the view of the government, is the insurance. But let us look at this problem of liquidity. It is a different thing altogether to say that the bank's loan on real estate is secure, because at the same time you must recognize that the bank is

stepping out of a field in which credit is extended for periods up to a maximum of nine months and into a field where the period of the loan extends to a maximum of 30 years. In the face of that situation, even recognizing that the banks' loans on mortgages are quite secure if you will wait for redemption over 30 years, how can we maintain the necessary liquidity that is the essence of the Canadian banking system?

The answer put forward by the government was the provision to be made for financing on the part of the Bank of Canada. And so the committee awaited with no little interest the evidence of Mr. Graham Towers in this respect. I think the evidence of Mr. Towers in this respect was a severe surprise to many members of the committee. Mr. Towers made it abundantly clear at the outset that the Bank of Canada will not buy and will not discount a single insured mortgage. In the second place, the Bank of Canada, on certain terms, will be authorized and will be prepared, on terms acceptable to it, to accept these insured mortgages as collateral. But he said these insured mortgages would not be the first security resorted to by the chartered banks in seeking accommodation on the part of the Bank of Canada.

In the third place, the Bank of Canada reserves the right to refuse to extend that accommodation if it is not satisfied. And while under present conditions one cannot imagine the Bank of Canada refusing, nevertheless who is to say that the circumstances might not drastically change?

And in the fourth place, Mr. Chairman,—and this no doubt was the greatest surprise of all—Mr. Graham Towers said emphatically that the period for which accommodation would be extended to the banks would not be anything like the period of the loans, 30 years, would not be for a year, would not be, if you please, more than a matter of several months, and finally he got down to saying a matter of weeks.

Well, in the light of that evidence, when Mr. Atkinson came to the committee as a witness the following day, naturally we asked him about the use the banks would make of that provision for accommodation, and what value they attached to it. If you will look at page 270 of the evidence, Mr. Chairman, you will see that Mr. Towers sums up the value of this provision for accommodation on the part of the Bank of Canada in these words. My question is at the bottom of page 270, and reads as follows:

Q. Have you formed any estimate or are you prepared to express any opinion as to the extent to which you think the banks may be expected, over a period of one year, or over a few years, to use their portfolios of insured mortgage loans as collateral with the Bank of Canada?—A. Oh, I would say very little.

Then, further on, at page 302 where Mr. Atkinson replied to a previous question as to this same matter and said that this provision for accommodation by the Bank of Canada would have very little bearing on the banks' attitude toward taking insured loans, this extract from the evidence follows:

Q. You say it would have no bearing. What value would it have for the banks to be able to get this limited accommodation at the Bank of Canada on these insured mortgages as collateral?—A. From a practical point of view, none.
Q. No value?—A. None.

The Chairman: Order. I am extremely sorry to interrupt the hon. member, but I am obliged to advise him that his time has expired.

Mr. Winters: Go ahead.

The Chairman: Has the hon. member unanimous consent to continue?

Some hon. Members: Yes.

Mr. Fleming: Thank you, Mr. Chairman, and I thank the committee for its courtesy. I am sure, Mr. Chairman, that what I am saying now by way of review will perhaps help to shorten the debate later on; in fact, I can say to the committee that that will be the result.

Now, sir, I leave that subject of liquidity with the observation that in the view of those who are principally concerned, namely, the banks, they attach no value whatever to the right to obtain accommodation from the Bank of Canada on their portfolio of insured mortgage loans for short periods.

I turn now, sir, to a wider question. Naturally this next problem is one that must give us concern. It certainly gave the government concern following the outbreak of hostilities in Korea. I refer to the possibility of inflation. It is the question of pressures resulting from an enlarged demand for what might prove to be a limited supply of houses and materials.

The government has said that the reason it stepped in in 1950 and 1951 to curtail house construction in Canada was that they felt it necessary to do so because of the threat of inflation. Well, sir, this must be a question to engage our consideration. Today the price of houses is high. It is at an all-time height in Canada. It has levelled off in the past year. It might be said that the price of houses and the cost of construction have been stabilized. Nevertheless, Mr. Chairman, I do not think anyone will say that, even in the

face of that levelling out, we can just accept without concern the high cost of housing in Canada today.

Mr. Mansur has indicated that the existing demand, namely, 120,000 units—and that he said is the effective economic demand—is more than a whole year's output of housing in Canada according to present rates.

Mr. Philpott: Will the hon. member permit a question?

Mr. Fleming: Yes.

Mr. Philpott: At page 92 of the evidence Mr. Mansur very clearly points out that the effective demand is now 125,000 to 130,000. Why does the hon. member persist in using a figure that is 10,000 lower than that which Mr. Mansur gave?

Mr. Fleming: Well, it is not a figure of 10,000 lower. The figure of 120,000 was used elsewhere. It will be remembered that Mr. Mansur was asked this question in several places. Let me draw my hon. friend's attention to the statement he has just read. Mr. Mansur was asked about the rate at which the market would absorb housing coming on the market at the present time. The answer was:

> At the present time new houses, both for home ownership and rental, are coming in at the rate of about 105,000 units a year. I believe that the effective demand is sufficient to look after new production at the rate of 125,000 to 130,000 units a year.

My hon. friend was a member of the committee and will recall that when we came to the question of capacity of the house construction industry in Canada, it was put at 125,000 and questions were asked of Mr. Mansur, even up to the last day of testimony, about the ability of the present demand to absorb 125,000 to 130,000 units a year, namely, the full capacity, without appreciable inflation. I think my hon. friend will find that the same figure was not used in all cases. I am not going to take the time now to refer to the figures. As a matter of fact, I am quite prepared, for the purpose of the point I am now making, to take the figure of 125,000 as the existing effective economic demand, but not the housing need. Here we are thinking simply in terms of those who have the means to buy, to qualify under the existing act. I am dealing with the point whether, in the face of the existing demand, if you bring on to the mortgage market another 5,000 to 15,000 persons, heads of families who can qualify under the new provisions, you may expect an upward pressure on existing prices as the result of that enlargement of demand.

I wish here to say, Mr. Chairman, that opinions on this point on the part of the witnesses were not unanimous. Representatives of the Canadian Home Builders' Association and the Canadian Construction Association said that the Canadian market could absorb another 25,000 housing units a year, namely, a total of 125,000, without appreciable inflation. On the other hand, there were witnesses such as Mr. Bryden, president of the Dominion Mortgage and Investments Association, who felt the inevitable effect of enlarging the present effective economic demand would be to exert upward pressures upon the cost of construction in Canada.

There remains the problem of the lack of serviced land. The Minister of Public Works has recognized this quite frankly in several speeches he has made in the house. The lack of serviced land is still the principal bottleneck limiting house construction in Canada. Mr. Mansur referred to this on page 87 of the evidence. This shortage exists in its most acute form in the places where the need is greatest, namely, in areas contiguous to the large metropolitan centres where the housing need is felt most keenly today. This bill contains no new provision in relation to this subject; it simply re-enacts the present provisions.

I leave this subject with the observation which I have made not a few times in this house, that we are not going to grapple effectively with the problem of the lack of serviced land until something really concrete is done to assist the municipalities in this country who are compelled, in the face of rising costs, to limp along with the same sources of revenue which they were given in 1867.

The problem of rural housing was of concern to the committee and I assure you that that concern was not confined to hon. members representing rural ridings. The fact of the matter is that only insignificant use has been made of the provisions of the housing act to assist rural housing. At page 59 of the proceedings Mr. Mansur is reported as having said:

> The result is that the loans on the farms have been much more in the field of maintenance and improvement than in the new construction field. We have made, I think, only about eight farm loans in the last six or seven years.

And again:

> There just does not seem to be any demand for loans for new farm houses. The actual number, sir, is nineteen farm loans.

So far as farm loans are concerned, the bill has no special provisions. The provisions in relation to loans on farm homes are the same as those for city homes. The problem

remains one of willingness on the part of the lending institutions to lend money for the construction of farm homes and, on the other hand, the existence of an effective economic demand.

With regard to slum clearance, a very important question, there is no new treatment under this bill except in one particular. The bill re-enacts the provisions of the existing act in precisely the same form with one change. Instead of referring to the kind of conditions that the legislation proposes to grapple with after a fashion as slums, substandard and dilapidated housing conditions, the word "slum" is now omitted and we find that the statutory description is confined to dilapidated or substandard housing conditions. Whatever may be the sufficiency of the reason for eliminating the word, let us realize that simply by taking the word "slum" out of the National Housing Act we are not doing one thing to grapple with the problem of slum clearance.

This problem of slum clearance must receive more attention in all parts of Canada than it has hitherto. Something very frank and wholesome was said on this subject on behalf of the Federation of Mayors and Municipalities in the evidence that was submitted to the committee, in which we find this statement:

> There is considerable public apathy with respect to the matter and active opposition to the idea of public housing in some quarters.
>
> It is perhaps because of these considerations that the federal government itself appears to be somewhat reticent in encouraging the use of those provisions in the National Housing Act whereby a large-scale program of slum clearance and low rental housing could be undertaken.

There is a lot of public apathy in regard to this question. Indeed the matter has been submitted to local electors in some areas and in some cases they have rejected proposals for slum clearance. There are many in this house and elsewhere who make a habit of throwing brickbats at the city of Toronto. As an unrepentant citizen of the city of Toronto I wish to say that I am proud that my city has taken the lead in this respect and that the Regent Park project has set a standard, an example which, if followed in other parts of Canada where similar conditions exist, would create beneficial results.

I had the privilege of being a member of the civic body in Toronto, the city planning board, which in 1943 made the first concrete recommendation for the establishment in the area bounded by Parliament, Dundas, River and Gerrard streets in Toronto of a housing project to replace existing slums. I think that enterprise has been a credit to the city of Toronto and it sets an example which I commend to other municipalities.

Mr. Dupuis: I assure you that we cannot say the same thing for Montreal.

Mr. Fleming: My hon. friend will have to speak for his own city. I am simply commenting on what I think has been a salutary example. May I say also that this question was first submitted to the electors of the city of Toronto who approved of the proposal by a substantial majority.

Mr. Dupuis: A good thing.

Mr. Fleming: Let me say in passing that a very effective presentation was made to the committee on behalf of the Co-operative Union of Canada. The bill contains no change in the provisions of the existing act with respect to co-operative housing. The minister did say why in his opinion the request of the Co-operative Union should not be granted. Their request was that they should be accorded the same terms as are now available to limited dividend housing corporations in the matter of interest rates and the period of amortization. I think members of the committee felt that something should be done to encourage co-operative housing. Certainly the statement made to the committee in support of co-operative housing was an impressive one.

Finally in this review of matters that were considered I should like to report to the committee of the whole, as the evidence of the committee on this point has not yet been printed, that when the minister was asked when the government proposes to proclaim the provisions of part IV of the act in relation to home improvement and home extension loans he indicated that the government is not prepared to do so at the present time but would review the situation in six months' time to see to what extent funds made available for the assistance of housing were fully employed. I think we shall all hope that it will be possible for the government to proclaim the provisions of part IV of the housing act soon. Parliament does not like legislating, I am sure, provisions that are simply permitted to remain a nullity.

I am trying to hurry to a conclusion, Mr. Chairman. This bill, if recognized for what it is, is to a substantial degree simply enabling legislation. It proposes to confer the widest powers on the governor in council to pass regulations, regulations which will be essentially legislative in nature. This should concern us. We are not legislating fully in passing this measure; to a considerable degree we are legislating in the dark. We are legislating in terms of what in many important respects is simply a skeleton measure. We sought information as to what

kind of regulations would be passed. We were given some information. There was certainly no unwillingness on the part of Mr. Mansur to answer questions as far as it was possible to do so, apart from questions relating to policy. But there are important questions the answers to which are essential to an appreciation of the whole scheme of this bill, and which the government must be aware of because if this bill becomes law next week, and we have been given to understand it will be brought into effect very quickly, then the government must know what it is going to do with respect to many of these important questions on which they are reserving the power to make regulations. In my estimation that information should have been made available to the committee. Let me remind the committee that there is much we do not know, and witnesses were not in a position to answer questions on these matters.

First of all, we do not know what will be the maximum loan under the new legislation. There have been hints that it will be increased from $10,000 to perhaps $12,500. But no one knows for sure.

Secondly, we do not know what forms will be laid down or prescribed by the regulations, and these forms are highly important. The form which the insurance guarantee will take is extremely important. Let the committee estimate the importance of that in considering this evidence of Mr. Atkinson, as reported at page 303 of the proceedings in the banking and commerce committee. It reads as follows:

> Q. I gather that you do not think of this simply as holding insured loans in your portfolio, but you will try to find a market for them, and the readiness with which a market can be found will depend on the readiness of the instrument and ease of transfer?—A. Yes.
>
> Q. And that will depend on the form of the regulations?—A. Inevitably, I think.

These are therefore matters of great importance, Mr. Chairman.

Third, we do not know for certain what will be the requirement in regard to the income of the applicant for one of these approved loans. Today it is 23 per cent of the income of the head of the family and that is enforced with only narrow exceptions. There have been suggestions that that income will be enlarged by the inclusion therein of one-fifth of the wife's earnings where the wife is gainfully employed. But there is no guarantee of that, and this matter of income requirements is of very great importance in estimating now the effectiveness of the proposed new scheme.

Fourth, and far transcending in importance the other three points which I have just mentioned, is the matter of interest rate. Let the committee fully understand, sir, that under this bill the government reserves the right to set the interest rate on mortgages provided for under this legislation. The statute simply fixes the maximum spread between the existing return on government 20-year securities on the one hand, and the permissible interest rate on the other. Today the effective yield on government long term securities is 3·51 per cent, and at the time of the second reading of this bill it was 3·66 per cent. That is a drop of ·15 per cent since second reading. We do not know whether that drop was the result of market operations on the part of the Bank of Canada in seeking to buoy up the government bond market. But the fact of the matter is that the statute permits the rate to be set today at 5·76 per cent as things stand at this moment. What is the rate to be? No one knows. The government has not given any indication. Mr. Towers pointed to the fact that there has been a slight reduction in recent months in the effective yield on government securities. It was made clear by Mr. Mansur that it is not to be expected that the government will be making frequent adjustments in the rate. They will have to gauge the market as best they can, so we need not look for frequent changes in the interest rate.

The prevailing rate today on mortgages under the housing act is 5¼ per cent, and it is 5¼ per cent because the government takes a return of only 3¾ per cent on its one-quarter contribution to the amount of the maximum loan by the approved lending institutions who are today receiving a return of 5¾ per cent on the three-quarters of the mortgage loan they contribute. Is it to be expected that there is going to be any reduction by the government on the return effective today to the approved lending institutions on mortgages? It seems to me to be almost certain, Mr. Chairman, in the light of the limited information we have, that there is going to be a slight increase over the present effective rate on these joint mortgages of 5¼ per cent.

If the rate is increased, the inevitable effect will be to enlarge the instalments which mortgagors will be required to pay under the new mortgages, and they will also be required to possess a larger income to qualify. That, sir, is a matter of the highest importance and the committee must realize that it is legislating in this respect, if not in the dark, then certainly in the dusk.

I must apologize for the length of this review of the evidence tendered to the

committee. It must be apparent, Mr. Chairman, that the bill will command whatever we can give in the way of hope, but when we are attaching any hope to a new scheme it must be a hope, in my submission, based on a realistic consideration of some of these factors which I have sought to lay before the committee.

There are dangers in a scheme of this kind. There is the danger of setting up a giant bureaucracy, and the danger that we will be centralizing a vast mortgage scheme under which the Central Mortgage and Housing Corporation will approve or reject loans for insurance purposes, because no loans can be insured without the approval of the Central Mortgage and Housing Corporation. That corporation will make all valuations and inspections. That is a measure of centralization which ought to give us all very serious concern; and Mr. Mansur, to his credit, recognized the degree of concern which ought to exist in reference to conferring wide power of that kind on the corporation.

Central Mortgage and Housing Corporation acquires the right to set the standards of construction for all houses which will be constructed under this legislation. That, sir, is a vast power to place in the hands of a government corporation.

In conclusion, Mr. Chairman, let me say that there has been a lot of propaganda and exaggeration about the effect of this measure. There has been much exaggeration in regard to the terms it would offer and of the way the bill would reduce the down payment and make it possible for people to extend the period of payment for their homes. The prospect was held out of easy building. But, Mr. Chairman, we owe it to the people of Canada to strip away exaggerations of that kind and dispose of such propaganda. It would be cruel to disappoint many of the hopes that have been built up on the part of many Canadians who would like to own their own homes.

We will wish this measure well. We will hope that this measure will make it possible for more funds to be made available. We will hope that it will make it possible for more houses to be constructed and for deserving and creditworthy Canadians to acquire their own homes. We hope the result will be not to load with a heavy burden of debt those who will never be able to pay and who ought to be renting property rather than saddling themselves with a burden of mortgage indebtedness which they may never be able to repay, but will be to put the acquisition of a house within the power of Canadians who have it within their economic prospects to carry the expense of houses at today's costs. Mr. Chairman, we view the abolition of the joint loan scheme under the present housing act, with its substantial accomplishments, with a feeling of concern lest, in reaching out for a larger shadow we may be giving up the substance that has done much to assist in the provision of houses for Canadians.

We wish to see this measure given a fair trial. We will put no obstacle in its way, Mr. Chairman; you may be sure of that. We have given it careful study. We have brought to the consideration of this measure and the review of the clauses in this committee a co-operative and a constructive attitude. That is still our attitude. But the close scrutiny that we have tried to apply to the provisions of this bill we will continue to apply to the administration of this measure when it becomes law. Our concern over this measure will not end with its enactment.

We do not like to hear the government taking a lot of credit that is not due it. We do not view with any degree of satisfaction situations in which the government claims the credit for all houses that are being built in Canada. I regret that that note found its way into the speech made by the minister in closing the debate on second reading of this bill on January 28 when he talked about "the houses we are building". The "we" in that case meant all the people of Canada but the impression created was that it was the government's doing. Last year, Mr. Chairman, of the 105,000 starts that were made on houses in Canada, just 39,000 were done with government assistance. Let us not have on the part of the government vain claims to credit that is not due it.

Mr. Winters: Mr. Chairman, perhaps at this point I should rise on a question of privilege. I know my hon. friend will wish to be corrected. I made that matter perfectly clear in my speech on second reading of the bill. I made it clear that I was not taking credit for the government nor taking credit for the legislation. I said housing was an effort on the part of all Canadians concerned therewith. I must say at the same time that the minute there is a downturn, then the responsibility is placed on the shoulders of the government and blame is attributed to the legislation.

Mr. Fleming: I am happy to have the statement made by the minister this afternoon. It makes the matter perfectly clear as far as I am concerned, and I shall say no more on that score. I simply make this clear because the impression I formed, as I said, when the minister was speaking, was that of

too much "we". As he realizes, I am referring to what he said on page 1572 of *Hansard*. In view of what the minister has now said, I will say no more about it.

This is my final word, Mr. Chairman. We wish to see houses built. We will give every opportunity to any measure that holds out any hope of providing more houses for Canadians, by proper schemes and sensible undertakings. In keeping with the careful scrutiny that we have given to this measure, we will continue to apply careful and, I hope, co-operative and constructive scrutiny to the administration which the bill will receive at the hands of the government.

Mr. Winters: Mr. Chairman, may I just make one interjection before the next hon. member who speaks takes the floor? I wish to refer to the page of *Hansard* of which the hon. member for Eglinton was good enough to remind me, namely page 1572. In reply to a question by the hon. member for Eglinton in which he said:

> I think the minister will agree that not all were under the act.

I said as follows:

> I readily agree with that, Mr. Speaker, and I have said so. This is an effort by all Canadians who are concerned with the house building business, encouraged, aided and abetted by the government under the terms of the National Housing Act.

Mr. Fleming: That was a big rider you added.

Mr. Stewart (Winnipeg North): Having listened to the hon. member for Eglinton for about seventy minutes and having dug into the rubble of loquacity to which we have been subjected, I come up with one bright and shining suggestion of his, namely that he hoped his lengthy review would shorten the debate. I must admit that I do not know where he got the idea that his review was going to curb the eloquence of any of the other hon. members. I might, however, make this suggestion to him. The debate could be shortened appreciably if he would cut out his redundant verbosity and if my hon. friend would learn to compress into 40 minutes what could be a good speech within that space of time. But unfortunately he starts off in so many directions, over a longer period, that we are not quite sure what his position is when he has concluded.

However, I can certainly join the hon. member for Eglinton in the tribute which he paid to the capacity and the impartiality of the chairman of the banking and commerce committee. The hon. member for Spadina is a good chairman, even though he errs occasionally by trying to answer questions himself instead of leaving it to the witness to do the answering. The committee was also extremely fortunate in having before it a very capable group of witnesses. I do not think it would be invidious on my part if I were to single out Mr. Mansur, for obviously he has a very complete knowledge of the housing situation. He is not afraid to speak his mind and to give his opinions. One can only assume that these opinions are based on a fairly large amount of knowledge. But it must be said that there is substantial disagreement with some of the opinions which he expressed and with which I hope to deal later.

Ever since coming to this house I have felt myself to be quite capable of preparing and giving my own speeches. Today, however, is going to be somewhat of an exception because my speech really is going to be made up of excerpts from the minutes of evidence of the committee. I think they would be much more interesting than any views which I may have to present. Having spent a great deal of time in that committee and having listened carefully to everything that was said, may I say that I have heard nothing yet to convince me that this legislation is going to add to the number of houses that are going to be built in Canada. Rather, I think its effect is going to be to decrease it. From that point of view the government is open to legitimate criticism.

I have heard some hon. members on the other side of the chamber say, "Why must you always criticize us? Why do you never praise us for something?" The obvious answer is that there are 160 of my hon. friends who can do the praising much better than I can. Our job in the opposition is not to praise Caesar but to bury him, and that we intend to do with all the zeal at our command. At the same time, let me say this. While I am critical of this legislation, that criticism does not extend to the Central Mortgage and Housing Corporation. There we have an extremely efficient instrument. There we have a highly necessary instrument. From what I can gather it is well run and well administered, although I rather suspect that it is not impossible that many of its staff are underpaid. Nor do I have objection to the low rental provisions in the legislation. I think they are good. Nor do I have any objection to the fact—indeed the welcome fact—that there were about 40,000 starts last year. They are all to the good and tribute should be paid to current legislation for that achievement. But we ought to remember that 40,000 starts or 40,000 new homes does not mean that there is another 40,000 houses available for those in the lower income brackets. In all probability the new houses which are being built are going to be occupied by those who are presently doubling up or

tripling up or by those who are newly married and are forming new families. Arising out of the proceedings of the committee we have to ask ourselves the question: Is the government really tackling the problem of housing? My answer still is no. I find myself in substantial agreement with most of the comments made by my colleagues in the debate on second reading of the bill. The government is not tackling the problem because we still have a terrific backlog of housing needs in Canada. Mr. Mansur gave his opinion of what the backlog was. He said that he thought the backlog of housing in this country was between 75,000 and 200,000 units. I happen to disagree with him and there are others who disagree. I think the figure is much nearer 500,000.

With respect to doubling up, Mr. Mansur told us that there were about 377,000 families involved and that two-thirds of the doubling up amongst these families was voluntary. I think it is reasonable to say that if Dr. Forsey did not demolish that argument he at least put a very serious dint in it. Dr. Forsey pointed out that the amount of doubling up in families with incomes over $6,000 a year was 1·4 per cent, in families between $4,000 and $6,000 it was 3 per cent, in families between $2,000 and $3,000 it was 11 per cent, and in families between $1,000 and $2,000 it was 15 per cent. Of course as we go lower down the income scale the percentage becomes higher, and in the case of families whose income was under $1,000 doubling up was almost 20 per cent. Dr. Forsey made this rather tart comment about the situation:

> It is perhaps flattering to the working class to assume that family affection and ardent friendship increase so markedly as income decreases.

That of course is profoundly true. If, as he said, the percentage of doubling up amongst wealthy people amounts to 1·4, then it is reasonable to argue that amongst poor families there is no more desire to double up and therefore the percentage might be about the same. I suggest that instead of 66 per cent of the doubling up being voluntary, as was suggested, the percentage is much nearer 1½ per cent.

Last year in Canada a little over 100,000 homes were built, and in that year there was an extraordinarily high marriage rate. There were about 130,000 marriages. Obviously the number of homes built did not meet the number of marriages, assuming that every couple immediately wanted to move into a new home, which is not always a safe assumption. Demographers estimate that the average annual number of marriages that will take place in this country in the next few years will be about 90,000. These demographers have been wrong in the past and they may be wrong in the future. But let us take the figure of 90,000. The government's intention is to have 100,000 new homes every year, and again assuming that each married couple would like a home of their own that means only 10,000 homes a year to meet the backlog of housing which I insist is much nearer 500,000 than the figure of 200,000 we heard in the committee.

That being so, we are entitled to ask whether this legislation is going to help to solve in any radical way the problems of the majority of the Canadian people. Again I submit there is only one answer, and that answer is no. Statistics were produced to prove that 70 per cent of our 3 million families only have one member of the family in the labour force and that such families have very little other income. It was pointed out to us that 50 per cent of the families in Canada earn less than $3,000. That being so, that 50 per cent is almost automatically disqualified from owning their own homes under this legislation. If, according to the figures submitted to us by the corporation, we take $10,000 as the going price of a house, probably the lowest price one can get today, then with a 30-year amortization period and an interest rate of 5¼ per cent the salary required would be $3,380 on the 23 per cent basis.

Let us take the same $10,000 house with an amortization period of 30 years and an interest rate of 5½ per cent. The worker would have to have a salary or wage of $3,450 to qualify under the legislation, and of course that does not take into consideration at all the problem of the down payment. The vast majority are disqualified. Dr. Forsey again put some rather interesting figures on the record. He took the case of a $10,000 home under the present legislation with a $2,000 down payment and an interest rate of 5¼ per cent. Over a period of 20 years the purchaser would have to pay $12,878 at a monthly rate of $53.66. Under the new legislation it is true that the down payment would be reduced to $1,400, but at 5½ per cent, assuming that would be the rate, over 25 years the sum of $16,065 would be paid at a monthly rate of $53.55. Again Dr. Forsey tartly remarks that the workers would be saving the princely sum of 11 cents a month while he would have to pay $2,587 more for his house.

What this means is that the 50 per cent of our population who are earning less than $3,000 a year are out of luck under this legislation in so far as housing owning is concerned.

Mr. Enfield: Would the hon. member answer a question? Is the figure of 50 per cent not based on the fact that they will apply for a maximum loan on a $10,000 house?

Mr. Stewart (Winnipeg North): It is reasonable to assume that they would have to apply for maximum loans because their income is so small they could do nothing else. They have little savings.

Mr. Enfield: But do you not think you should qualify that statement because they can get smaller loans if they make their down payment larger?

Mr. Stewart (Winnipeg North): My hon. friend says that they can get smaller loans. Surely that is very academic in view of the cost of living today and the fact that the normal family must find it extremely difficult to exist on $3,000, let alone save money to increase their down payment. The minister said in the house that whereas stimulation and assistance for housing can come from the federal government, in the final analysis it is the municipality which decides the amount of housing to be built. There is a regrettable element of buck-passing in this matter because today municipalities in Canada are finding themselves increasingly squeezed owing to the financial conditions under which they operate. Into municipalities around the area where I live are coming new families with children who are occupying new homes. The municipalities have got to provide services, sewer, water and police services, perhaps even hospital services, roads, and of course educational facilities. I find that municipalities are faced with the problem of having to decide to build either roads or schools. They cannot afford both even if they can afford one, and such is not always the case.

Are these municipalities going to look with assurance on still further additions to housing in their areas when they find that their financial means are such that they cannot service those already there? I do not think so, not unless the government changes its policy and decides to come to the rescue of municipalities by making long term low interest loans for the purpose of providing the ordinary amenities of life such as education and other necessities. If that is not done the response of the municipalities will of necessity be a negative one.

I assume that one of the purposes of this legislation is to make the rate for lending more attractive. Fears have been continually expressed that the supply of funds is drying up. We were told that the insurance companies already have 30 per cent of their assets in mortgages. At page 1314 of *Hansard* of January 21 the minister said:

> . . . it has become increasingly clear that at some stage they would have to reduce their rate of new mortgage lending from its recent level.

[Mr. Enfield.]

Later he said that a decline in mortgage money from this source must be anticipated. There is going to be a decline, and what is the government's answer, in part, under this legislation? It is to make that decline even worse by taking away the quarter share of the guaranteed loan. That is not an answer for which I have any appreciation. In the committee Mr. Mansur said that financing in 1953 would depend on the continued willingness of the life companies to increase their relative holdings of mortgages. The increase last year made possible the expenditure of about $95 million. The life companies were willing, Barkis was willing last year, but what of this year and what of the years to come? If the companies decided not to increase their ratio, if indeed the companies decided to decrease their ratio of mortgages, then from what source would we get the additional funds?

Mr. Mansur said there is no substantial source of private mortgage funds available under present arrangements to provide an offset. Yet, what is the government's solution? It is to cut out their quarter, to cut out their payment of $60 million spent on acquiring homes. Mr. Mansur said again under the new arrangement the quarter share provided under joint loans by Central Mortgage will no longer be available. That is not an answer, as I said, that I understand or appreciate. Mr. Bryden said in the committee that the number of units financed will decrease by the abandonment of joint lending. Under this part of its policy the government is going to decrease the number of units; the government's answer is to reduce the money available from government sources for home building.

Obviously then it has to find some other source of money. As the minister said, it is quite clear if there is to be an increase in home building additional funds must come from somewhere other than the present source of institutional mortgage funds. Then, someone in the government had an idea, a revolutionary idea. He looked at the banks' reserves; he looked at the banks' liquid position and said: Boy, here we have got it. The banks are going to supply the money. We will pass legislation and get out of the business; leave it to free enterprise and everybody will be happy. We will put the banks in the real estate field, and we will revolutionize everything in Canada; we will get started on free enterprise home building.

The announcement about the banks being allowed to advance money on real estate was made in October by the Prime Minister. One can only assume that in Montreal the topless towers of Ilium quivered and shook. I suggested to Mr. Atkinson that the banks were

rocked to their foundations by this drastic change in policy. His answer was that he would not agree that they were rocked to their foundations, but he was surprised. For a usually conservative banker to admit surprise is, I would say, equivalent to a lesser person saying he was thoroughly shaken. However, the government sugared the pill.

On page 1316 of *Hansard* for January 21, 1954, the minister said:

> In the matter of liquidity, as I mentioned earlier, it is proposed to make insured mortgages eligible security for Bank of Canada advances to banks in the same way as government bonds.

What did these ungrateful bankers do? They spat the pill out. They did not like it. Mr. Atkinson said he was confident it was not the intention that the central bank should carry for an indefinite period these mortgages as security for loans to banks. When he was asked, as the member for Eglinton pointed out, about their value as collateral, Mr. Atkinson said that, from a practical point of view, there was none. So much for the government's policy.

Then, what were the reasons for asking the banks to go into this field? I think the minister told us when he spoke of the widespread branch system, and of the 4,000 branches stretching from coast to coast. Perhaps the government envisages queues of potential borrowers lining up before the banks to get money to build homes. The evidence given by Mr. Atkinson must have poured cold water on the government's idea, if nothing else, for Mr. Atkinson informed us that very few of his branch managers were entitled to lend even as much as $10,000 without reference to a regional supervisor.

Then Mr. Atkinson said also, dealing with the type of loan, that he thought the banks would not attempt to make loans which they felt were likely to go into default. I am convinced that is true. The only money the banks are going to lend is on such gilt-edged loans that there will be very little risk. I cannot conceive, under this legislation, a worker in my constituency being able to go to the Bank of Montreal and say, "I want $8,000 for a house", and getting it. I do not think it is practical under our present banking system.

What was the banks' answer in case there should be a default? Let the government take the "rap"; that was all there was to it. Mr. Atkinson agreed the government should stay out of business. Mr. Atkinson agreed the banks should be allowed to make profits without government interference. But when it came to losses, Mr. Atkinson agreed that the representatives of the people of Canada should stand the losses for the banks, and leave the banks to take the gravy. It is not a system to which the C.C.F. adheres, but of course it is the regular free enterprise system which we happen to oppose.

Now, one of the reasons for going to the banks was their liquidity. I suggested again to Mr. Atkinson that the banks' position was very good; that the banks were drowning in liquidity, but naturally he did not quite see eye to eye with me on that. Mr. Towers said the banks could make up the deficiency for the government's quarter share in the joint loans. Mr. Towers was quite certain of that. He thought it could come, in part, from savings deposits. There is about half a billion in savings deposits in Canada today, not all available for loan; let us admit that. Mr. Towers was pressed as to what percentage might be available, and thought 50 per cent was most immodest and 25 per cent perhaps a little less immodest. We could not pin him down to any specific figure. I suggested 10 per cent of savings deposits. Mr. Atkinson in his evidence thought 10 per cent was still high, and that the banks could not possibly reach that amount for some considerable time.

Mr. Towers thought that a moderate percentage of savings deposits would not impair the liquidity of the banks. Again, we asked for a definition of "moderate", but there was none. We asked for a definition of "modest", but there was none. I do not have it in me to blame Mr. Towers, although I should like to have some sort of a definition. Mr. Towers agreed that at least $60 million a year advanced by the banks would not be overly much. Mr. Atkinson subscribed to that idea, and thought $60 million was well within the capabilities of the banks. By a happy coincidence, I suggested that the sum of 6 per cent of the savings deposits was what the banks would perhaps feel inclined to lend over a long period. This 6 per cent would be about $300 million and if that was put up over a period of, say, five years, it would be about $60 million a year. By another odd coincidence, $300 million was the hypothetical figure which Mr. Towers pulled out of the air when he was discussing this matter. My only point in stressing this is to suggest the banks are going, in their own mind, to fix a percentage of the savings deposits that they will be prepared to lend in total. When they reach that percentage, they are not going to go any farther. In other words, the borrowing from the banks is not going to be indefinitely recurring, except in so far as there is a revolving amortization fund and in so far as there are increasing savings deposits.

There again, there is a disagreement amongst the experts, and who am I to enter

that field when the experts disagree? Mr. Towers thought that over the next five years savings deposits might increase by $200 million a year. Mr. Atkinson felt that if in 10 years you got the deposits up from approximately $5 billion to $6 billion it would sound very high to him. In other words, that would mean about $100 million a year, and it would sound high to a commercial bank manager. The position taken by the Bank of Canada was that it might be $200 million a year. There is no agreement about this.

What about the rate of interest? Every fraction between 5 and 6 has been batted about. It is obvious that Mr. Bryden, on behalf of the life insurance companies, would like to see 5¾ per cent, and he certainly made a play for it. I have no reason to think that the banks would like less than 5¾ per cent, and certainly they would be quite prepared to take more. We found out—perhaps I am being rather unfair in this, but it was the impression I got as a result of the examination by the committee—that the liquidity of the portfolios of both the banks and the insurance companies depends entirely on the rate of interest. That is one of the problems that has to be faced in deciding government policy.

Now, with regard to the commercial lending companies' portfolios, Mr. Bryden was asked certain questions about his company and it appeared that in its portfolios were provincial bonds on which his company was getting from 4 to 4½ per cent; municipal bonds on which it was getting from 4½ to 5½ per cent; public utility bonds on which it was getting between 4 and 5 per cent and on industrial debentures and so on, between 4 and 5 per cent. These securities cost about 10 cents a year to service. Mortgages cost about 75 cents. Now we have the government coming along offering them something which is going to be a lot better than current investments.

I do not think the rate should be better than 5¼ per cent. Five and a quarter per cent is more than adequate. If this government were to suggest 5¾ per cent it should be shot. Five and a half per cent would be more than enough; as a matter of fact 5¼ per cent is adequate for such mortgages, because on a rate of 5¼ per cent the life insurance companies and the banks would still get a net return of 4½ per cent on a gilt-edged investment, and that is not a bad return these days.

The government obviously think the economic picture is going to be bright. They have told us that repeatedly. They are quite optimistic about the future of this country, and the government's concept as to what the rate of interest ought to be should consider the risks which may be taken. If things are as bright as the government say they are, there will be no risk; therefore why should a high rate of interest be given on these mortgages?

How secure are the mortgages? Mr. Bryden said:

> There have been very few losses under the National Housing Act.

He was asked:

> Q. Have you any idea what they amounted to?—A. No.

He was being coy. He was asked:

> Q. Did the lending companies lose any money under the guarantee?—A. There has been some loss.
> Q. Have you any idea what it is?—A. It has been very small.

Mr. Bryden was not only being coy, he was being positively kittenish, because there has been no loss whatsoever. I asked him later if he thought these mortgages were inadequately secured, what sort of reserves for losses he would build up in his company, and the answer was none. Of course there would be no reserves because, as I said earlier, these are gilt-edged securities, and these new mortgages are being insured up to 98 per cent. As Mr. Towers said, the mortgages as securities are equal to government of Canada bonds, and long-term government of Canada bonds today return about 3·6 or 3·7 per cent. What the banks and insurance companies would like is some cake with butter on it, then jam on that, then whipped cream on that, then they want to eat it and then keep it. Well, if the government falls for that sort of nonsense they are going to hear much more about it.

What is the situation so far as the banks are concerned? Some fear was expressed that other investments would suffer if the banks were to enter this mortgage field. I do not consider that at all probable. When this question was asked of Mr. Atkinson:

> Q. What part of your portfolio will suffer most, your bonds or loans?

He said:

> A. It is impossible to say. If no disturbing inflationary pressure comes we are safe in assuming that the Bank of Canada would increase bank reserves to take care of these loans as they come about.

I should love to see these words capitalized. At least the insurance companies are lending money, which in turn they have borrowed, and they are paying interest on it. But not the banks; no. What the banks are going to do is to put, let us say, $30 million into the Bank of Canada. It is true that that $30 million will be immobilized so they will not earn anything on it; but on the basis of that $30 million they can expand their loans

to $300 million and get five plus something per cent on it. I never heard such an extraordinary proposition in my life, and in view of that a rate of 5¾ per cent would be shocking. Five and a quarter per cent is the most that they should be offered under any consideration whatsoever.

Let me sum up. It has been said that the effective demand this year is going to be in the neighbourhood of 125,000 houses. I accept that. That has nothing to do with this impending legislation. It is a fact; though the 125,000 houses may disappear like snow in a thaw if people come to the conclusion that times are going to get rather rough or that anything like a depression is to come. Anything of that kind could make effective demand vanish. But what of the situation two or three years from now? We know that the lending institutions are going to lend less, and in any event if they lend as much as they have in the past it will mean fewer houses, because the lending institutions will have to lend $100 where previously they lent $75.

We know the government is going to remove its share of about $60 million from the joint loan section of the act. We know that the banks are cold to this legislation, cold to the point of frigidity, and only social compulsion is going to make them lend anything, but I cannot tell how far social compulsion will work. Over the long run I cannot see more than 7 per cent of construction being financed by the banks through some percentage of the banks' savings deposits being devoted to the building of houses in this country. Then houses for those who really need them are not going to be built, part of the reason of course being the impoverishment of the municipalities in this country.

I said in the committee on one occasion, Mr. Chairman, that this legislation is a rather shoddy piece of wool which is being drawn over the eyes of the Canadian people. I am now convinced I was right.

Mr. Johnston (Bow River): I should like to add my voice to this debate at this time. At the outset, I want to say that in my experience in this house of over 19 years this committee was one of the most effective I have ever sat on. I say that because the evidence given by the witnesses on all occasions was straightforward. They gave the very best evidence they could. In most instances they did not hesitate to add their own opinions, and because of that it was a very successful committee. They had a difficult problem to deal with, a problem which most of us in this committee and most of the people in the country agree is most disturbing.

Bill No. 102 endeavours to deal with the national housing problem. The government hope that through the medium of this bill they will be able to stimulate house building in the country. I said on another occasion in this house that I did not think the bill would do what the government expect it will do, and I am still of the same opinion. One of the main things upon which the government is basing its hopes is the fact that by bringing the chartered banks into this field a greater amount of money will flow into the construction of houses. I shall speak on that a little later on. The Quebec savings banks are being brought in.

It is possible that with the addition of the chartered banks and the Quebec savings banks some additional money will be found. I suggest to the government at this time that they go one step further and permit the provincial government treasury branches of Alberta to participate as well, on the same conditions. Whether the inclusion of the banks will accomplish what the government hopes remains to be seen. There are some changes in Bill 102 which will have serious effects. One which I would just note for the moment is that this bill will assist people in the income brackets of over $3,000 a year, but I am positive it is not going to increase home ownership by people in the income brackets of less than $3,000 a year. As I said when talking on this bill on another occasion, it is the people in the low income brackets we should concern ourselves with more than those in the higher income brackets. Those in the higher income brackets could participate under the old set-up. I do not think there will be any improvement in that respect under the new bill.

Then there is the provision for a lower down payment, reducing it from $2,000 to $1,400 on a $10,000 house where the lending value is $8,000. That is going to be of some assistance and will permit a few more people to participate in this plan than was the case heretofore. Then there is the longer amortization period of 25 to 30 years. That will reduce the monthly payments but it will increase the indebtedness, and in the long run the ordinary person is going to pay for his house almost double what he would pay if he had the cash to build it himself.

Then there is the possibility—and I use the word "possibility" advisedly—of better inspection. That to my mind is probably the most important point in building a house, outside of financing. It caused probably more

trouble in the past than any other single factor. Mr. Mansur was quite frank in his evidence before the committee when he said he was not entirely satisfied with the inspections in the past, but hoped the new bill would bring about some improvement. I do not hesitate to say at this point that I think perhaps the new bill will bring about some improvement in this regard.

Then there will be higher interest rates for the loan companies. That is good for the loan companies, but it is not so good for the people in the lower income brackets. There is a better guarantee for the loan companies, which is charged up to the borrower and for which he gets nothing in return except the privilege of getting a loan.

This brings us to the over-all question of whether this bill will result in stimulating house building. As I said a moment ago, it is hoped that the banks will come to the government's assistance. I should like to refer at this point to the evidence appearing on page 291 of the proceedings of the committee. Some of the sections to which I intend to refer may have been referred to by others, but I think to refer to them again would only serve to bring out the point I wish to bring out. At page 291 of the evidence Mr. Atkinson, vice-president and general manager of the Royal Bank of Canada, who appeared for the mortgage companies and banks concerned, had this to say:

> When it was announced by the Prime Minister on October 1 last and simultaneously advised to the banks on the same day by the Minister of Finance, we had not any prior knowledge that such a move was being considered by the government. As I have intimated, such a move would not, I think, have been sought by the banks, particularly at the present time, when the chartered banks in Canada are relatively fully loaned—certainly in our own case it would not have been sought.

The point I want to make there is that according to Mr. Atkinson the banks are relatively fully loaned. Under the present set-up, therefore, the banks will not be in position to make money available under this plan. I should like to refer to what the minister said on December 16 in dealing with this very point, and I quote from page 998 of *Hansard*:

> Later in this session my colleague, the Minister of Finance (Mr. Abbott), will place the Bank Act and the Bank of Canada Act before the house for revision, when it is proposed to make insured mortgages eligible security for Bank of Canada advances to chartered banks, as is the present position in respect to government bonds.

I do not think I am wrong in assuming that what the Minister of Public Works had in mind then was that more money was going to be made available to the banks, in addition to what they already had, in order to assist in this house building program. If I am not right I hope he will correct me at this moment. That was the interpretation I placed upon it when I was speaking to this measure some time ago. Of course that is not going to be the case. If the minister expects that to be the result he is doomed to disappointment. Mr. Graham Towers was questioned on this very point by the hon. member for Acadia, and I quote from page 246 of the evidence as follows:

> Q. Could you explain just what the provision will be by which additional cash reserves will be made available by the Bank of Canada to chartered banks? Will it be in the form of the purchase of mortgage—or bans against?—A. It won't be in either form, Mr. Quelch. The Bank of Canada, in open market operations in government securities, influences the amount of cash which the banks have. So if we add somewhat to our holdings of securities, as we have in recent times, that puts up bank cash.

The point is that the banks cannot use these insured mortgages to get long-term credits or to increase their cash reserves from the Bank of Canada, and further it will not result in what the minister hopes, because, as Mr. Graham Towers pointed out, if the banks needed money they could use government securities, such as government bonds, and get all the money they needed. But he says, and I have put it on the record already, that the banks are fully loaned, so I am afraid the hopes of the minister are doomed to disappointment. In order to make doubly sure that I am right in this respect I should like to refer to page 270 of the evidence. This has been referred to already, but I refer to it again. Here the hon. member for Eglinton asked this question:

> Q. My next question is this: Have you formed any estimate or are you prepared to express any opinion as to the extent to which you think the banks may be expected, over a period of one year, or over a few years, to use their portfolios of insured mortgage loans as collateral with the Bank of Canada?—A. Oh, I would say very little.
>
> Q. Within that small area, is it possible?—A. In fact, perhaps I ought to go further than that and say that I would not expect them to use them at all as security unless they thought it was desirable to do so for psychological reasons.

It is not because they need money but for psychological reasons. I agree with that statement.

> Otherwise if they had occasion to borrow funds they would probably put up government bonds because they have plenty of them, and it is a very convenient method of doing it.

Therefore when we are told that under this bill the insured mortgages will be of assistance in financing the construction of homes that is not the case, and the evidence is very clear in that respect.

Mr. Winters: Is the hon. member familiar with section 11 of the bill now before the committee?

Mr. Johnston (Bow River): Is the minister referring to the section which deals with advances?

Mr. Winters: Yes.

Mr. Johnston (Bow River): Yes, I am familiar with that; but the trouble is that while the chartered banks might be able to use these insured mortgages for advances from the Bank of Canada that is only for a matter of two or three weeks. I believe the evidence is clear on that point also.

Mr. Winters: Central Mortgage has the right to buy or lend.

Mr. Johnston (Bow River): I understand the Bank of Canada is not going to buy the insured mortgages. They will buy bonds and they can do that; and if the chartered banks required the money they have sufficient bonds now which they could sell to the Bank of Canada in order to raise their cash reserves to the degree desired. They do not require insured mortgages for that purpose. The only result of the insured mortgage is to give the lender a greater degree of protection than the 25-75 per cent arrangement which was in force before. Now they have 98 per cent. I believe that statement, that the banks will not and do not intend to use the insured mortgages to increase their cash reserves and thereby make more money available for housing, still stands.

We all know that we really require houses in this country, and the extent of this problem has been referred to on other occasions. As I said before Dr. Forsey on behalf of the C.C.L. gave the estimate that the backlog amounted to 300,000 houses and possibly ran as high as 500,000 houses. Mr. Mansur himself suggested that the backlog in his judgment would run to between 75,000 and 200,000.

If we intend or hope that legislation under Bill No. 102 will maintain the pace which was set last year, at around 105,000 starts, then how can we ever hope to overcome that backlog so the people who really need the houses will get them? It will not be possible under this legislation. I think we will be fortunate if this legislation succeeds in maintaining the present pace, without increasing it. I am certain the government intends that this housing scheme will to a large extent assist in meeting the major unemployment problem which faces us at this moment.

I suggest that anyone who takes advantage of this housing legislation will go into debt for 25 or 30 years. Everyone who has already taken advantage of it has gone into debt for a period of 20 or 25 years. That means that unless a policy can be implemented whereby the present unemployment situation will be taken care of, the lending institutions will be faced with the problem of evicting many families. Why? Because they cannot earn sufficient money to pay the monthly charges on the loans they have acquired.

Our biggest concern is not for the people of this country who can afford to build their own houses at the present time, nor are we concerned with those who can afford to pay the high down payments required under this present legislation. Our concern is and should be with those people who cannot afford to come under the housing act, and who have not sufficient income to pay $1,400 as a down payment and then continue to meet high monthly payments over a period of 25 or 30 years.

Dr. Forsey, speaking before the committee, referred to the fact that in June, 1951, about 58 per cent of wage and salary earners were obtaining less than $2,500 per year. This is roughly equivalent today to about $3,000. I would emphasize that point, namely that 58 per cent of our people are in a financial position where they do not obtain more than $3,000 a year. That means that this bill will be of assistance to only 50 per cent of our people.

Speaking in the house not so long ago the minister, referring to this fact, said in effect that not more than one-third of the Canadian people could afford to own or rent homes of their own. I have used that quotation before, and I use it again at this time to demonstrate how closely the remarks of the minister were to the facts which were produced by Dr. Forsey when he represented the C.C.L. before the committee. The words in fact are almost the same, and I believe it is quite safe to say that one-half of our population will not be able to take advantage of the provisions of this bill. I do not think that is good enough.

Let us look at the cost of some of these houses. If we turn to the evidence presented before the committee we find something about this question. These remarks were referred to a moment ago, but I am going to put them on the record again because they fit in with what I am saying. In their

submissions the C.C.L. gave this illustration, and I am reading from the bottom of page 336 of the evidence:

> Then there is the question of the down payment and the period of amortization and the mortgage insurance, and so of the total cost. For a $10,000 house, under the present act, this works out as follows:
> Interest: 5¼ per cent, compounded semi-annually.
> Amortization: 20 years.
> Down payment: 20 per cent.
> Monthly payment on $8,000 mortgage: $53.66.
> Total monthly payments: $53.66 x 12 x 20: $12,878.40
> Down payment: 2,000.00
>
> Total: $14,878.40

Now let us look at the position under the new bill.

The Deputy Chairman: Order. I am sorry to interrupt the hon. member but it is five o'clock, and the house must proceed to consideration of private and public bills.

PRIVATE BILLS

SECOND READINGS—SENATE BILLS

Mr. Deputy Speaker: There are a number of divorce bills on the order paper, namely Bills Nos. 314 to 324 and Bills Nos. 327 to 337. Is it agreed that these bills be taken in one motion?

Some hon. Members: Agreed.

Mr. John Hunter (Parkdale) moved that the following bills be read the second time:

Bill No. 314, for the relief of John Wright Sinclair.—Mr. Hunter.

Bill No. 315, for the relief of Florence Jean Moffatt Tucker Johnston.—Mr. Hunter.

Bill No. 316, for the relief of Margaret Hilda Popper Parker.—Mr. Hunter.

Bill No. 317, for the relief of Cecil Alfred Ellis.—Mr. Hunter.

Bill No. 318, for the relief of Robert Jackson.—Mr. Hunter.

Bill No. 319, for the relief of Madeleine Marguerite Faure Eden.—Mr. Hunter.

Bill No. 320, for the relief of William James Cutler McKillop.—Mr. Hunter.

Bill No. 321, for the relief of Agnes Mary Kelly Winters.—Mr. Hunter.

Bill No. 322, for the relief of Florence Elizabeth Hough Topp.—Mr. Hunter.

Bill No. 323, for the relief of Roch Cote.—Mr. Hunter.

Bill No. 324, for the relief of Domina Emerius Lefebvre.—Mr. Hunter.

Bill No. 327, for the relief of Lucien L'Esperance, junior.—Mr. Hunter.

Bill No. 328, for the relief of Charles Edouard Dubois.—Mr. Hunter.

[Mr. Johnston (Bow River).]

Bill No. 329, for the relief of Donald Clarke Allen.—Mr. Hunter.

Bill No. 330, for the relief of Jean Albert Raymond Rasson Desloover.—Mr. Hunter.

Bill No. 331, for the relief of Hazel Helena King Featherston.—Mr. Hunter.

Bill No. 332, for the relief of Jessie Ruby Dawe Greenslade.—Mr. Hunter.

Bill No. 333, for the relief of Romuald Fregeau.—Mr. Hunter.

Bill No. 334, for the relief of Jean Nelson Williams Blampied.—Mr. Hunter.

Bill No. 335, for the relief of Horace Gervais.—Mr. Hunter.

Bill No. 336, for the relief of Margaret Ann Eddie Casselman.—Mr. Hunter.

Bill No. 337, for the relief of Marcel Prud'homme.—Mr. Hunter.

Motion agreed to and bills read the second time.

NIAGARA GAS TRANSMISSION LIMITED

Mr. John Hunter (Parkdale) moved the second reading of Bill No. 325, to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Mr. Green: May we have a statement from the sponsor?

Mr. Hunter: Mr. Speaker, this is an application by Niagara Gas Transmission Limited, an Ontario company, for authorization to construct, own and operate an extra-provincial pipe line as defined in the Pipe Lines Act, chapter 211 of the Revised Statutes of Canada, 1952, and further, that the general Pipe Lines Act will apply to this company. The issued share capital of this company is owned 65 per cent by the Consumers' Gas Company of Toronto and 35 per cent by the Tennessee Gas Transmission Company. Any further issue of capital stock will be in the same ratio, and the balance of funds required will be obtained through the sale of bonds and/or debentures.

The fact is that the Consumers' Gas Company of Toronto is a limited dividend company, incorporated by a special act of the provincial legislature. After ordinary business expenses, allowance for the plant and buildings renewal fund and directors' fees, any surplus remaining goes into a special surplus account which, when it becomes the equivalent of five cents per thousand cubic feet of the amount of gas sold in the previous year, is used to reduce the price of gas.

This special surplus was wiped out in 1933 following a reduction in the price of gas the previous year.

The company has had two other reserves, one established under the act of 1887 of $1 million, and the other arising from the premium received from shareholders on the sale of the capital stock of the company from time to time. The result of recurring deficits over the last 20 years has been that the reserve arising from the premium on capital stock, which was $7,499,680, was reduced by $6,239,871.

For some years the Consumers' Gas Company of Toronto has been fighting a losing battle and in most of the recent years has been forced to dip into its reserve. The cost of manufactured gas has been so great that this company has been gradually pricing itself out of the market. The Toronto city auditor reports that the earnings on the shareholders' investment were 5·08 per cent in the year ended September 30, 1952.

The company is authorized by the act of 1887 to pay in dividends 10 per cent on the par value, which was then $100 per share. As from the 1st of January, 1941, the company has been paying 8 per cent, or 80 cents on the present par value of $10 per share. The actual return to individual shareholders depends, of course, on the amount paid for the stock, either from the company treasury or in the stock market. The company has not been permitted since about 1928 to issue rights to existing shareholders. Additional stock must be sold either by auction or tender. The average price received for the stock has ranged from $149 in March, 1932, to $201 per $100 share in February, 1937. Thus the premium on the stock is part of the capital investment. In so far as dividends have tended to reduce the reserve created by this premium, the dividends have been a return of capital.

The directors' fees are limited to $25,000 per year in total. This includes the remuneration to the president, who is not a working president. Two of the directors, the vice-president and general manager, and the assistant general manager are full-time employees of the company, and presumably receive salaries commensurate with their duties and responsibilities.

The plant and buildings renewal fund, as shown by the report for the year ended September 30, 1953, stood at $9,869,605, compared with investment in plant and equipment and real estate of $31,835,198. This fund arises from the authority of the company to appropriate each year a total of 5 per cent of the value of plant and buildings, but not real estate or unfinished construction. The company has no other provision for depreciation. At the end of 1952 the fund was approximately 32 per cent of the value of plant, buildings and equipment.

When natural gas reaches Toronto the coal gas plant will be obsolete, and it is understood it will be scrapped. The gas holders as well as the water gas sets and the propane plant will be maintained as stand-by units. The equipment to be abandoned, while not new, is, I understand, carried on the books at several million dollars.

The annual report of Consumers' Gas for the year ended September 30, 1953, stated that sales of gas for the 12 months were lower by 4·6 per cent than for the previous year. This was attributed to milder weather. In the first three months of the current fiscal year —that is, October, November, December— sales were again reduced by 4·52 per cent. However, there was an increase in January due to the fact that the average temperature was 8 degrees lower than for January, 1953. The over-all loss of output for four months was 2 per cent.

The sales department of the company, particularly in the house heating division, is very seriously concerned because it is a fact that gas is too expensive under present conditions. The company was holding its business, but not increasing it, in proportion to the increase in population, up to April, 1952, when a further substantial increase in wages resulted in an over-all increase of 25 per cent in the cost of gas. The new rates were calculated on an expected loss of business; and the fact that the company showed a profit for the first full year under the new rates, the first one in 20 years, is due in fact to the inability of householders to quickly change from one kind of cookstove or other appliance to another.

It is estimated that the franchise area of the company now has a population of 1,300,000. The total number of meters divided into that population shows a population of about eight per meter. In contrast, in 1933, when the population of the area was estimated to be 650,000 the population per meter was four persons. The fact is that the manufactured gas business is a dying business. Wages all the way from the coal mine to meter reading have made the price disproportionately high in comparison with electricity, which is untaxed in this province, and with fuel oil which can be delivered at a much lower labour cost.

The 1953 report of the company showed that there are 5,801 shareholders. The average holding is 251 shares. The percentage owned in Canada is 95 per cent, and of the total number of shareholders 55 per cent are

women. A large part of the stock is owned by insurance companies, which accounts for the fact that there are two insurance company presidents on the board of directors: Mr. J. K. Macdonald of the Confederation Life and Mr. Ross Poyntz of the Imperial Life. The city of Toronto is a shareholder to the extent, I believe, of 15,000 shares.

The company's charter provides that so long as the city owns shares to the par value of $10,000 the mayor shall be ex officio a director of the company and entitled to vote the stock or shares held by the city. A curious feature of the company's charter is the provision whereby no shareholder may have more than ten votes, no matter how many shares he owns. The owner of one share has one vote. I think three shares entitle him to two votes. By the time he gets to the ownership of 20 shares, he has ten votes, and no more.

From the foregoing it is obvious that Consumers' need for a reasonably priced and dependable supply of natural gas to replace the present expensive manufactured gas is urgent and immediate. Unfortunately none of the applicants for an export permit from Alberta to eastern Canada has given Consumers' a definite quotation or has indicated conditions of delivery. It is, of course, impossible to estimate probable gas sales, or sales of any other kind for that matter, unless the price of the product to be sold and delivery conditions are known.

Last year the Consumers' Gas Company made a contract with some United States suppliers in Louisiana and Texas for the purchase of 22,600 million cubic feet of natural gas, this to be transferred to the Niagara river, the international boundary, by Tennessee Gas Transmission Company, and from the centre of the Niagara river by Niagara Gas Transmission Limited, the company making application for this act. At the time this company was formed no authority was required under the Pipe Lines Act, and it was not until the amendment at this session that this application was required.

It is believed by Consumers' Gas Company that the purchase of this gas will be of very great benefit to the consumers in the greater Toronto area. It is believed that natural gas will become directly competitive with oil and will probably be competitive with coal. Because of the very high British thermal unit content of natural gas, and because of the degree to which its heat may be controlled, it is believed that many industries will find it more suitable for their purposes than either coal or oil.

The experience of similar cities in the United States has been that over a period of a few years the consumption of gas has doubled, and many industries find it economical to use it with small auxiliary appliances to be turned on at times of peak loads during very cold weather. With the present limited production of electric power it is felt that this will be not only economical but of valuable assistance to the people in areas served by this company.

It should be pointed out that the Consumers' Gas Company of Toronto was incorporated by special act of the province of Ontario, which act has been amended a number of times since. As mentioned above, the salaries of the officers and directors are limited. The mayor of Toronto is automatically one of the directors, the dividends to be paid are limited, and when the reserves reach a certain figure the price of gas must be forthwith reduced. The franchise is exclusive to this company for the city of Toronto and for the townships of Toronto, Toronto-Gore, Etobicoke, Vaughan, North York, York, Markham, East York, Scarborough and Pickering, which area of course now includes such municipalities as Forest Hill, Leaside, Swansea, Mimico, New Toronto, Long Branch and Port Credit.

At the time this contract with the United States suppliers and the further contract with Tennessee Gas Transmission Company were made, application was forthwith made to the federal power commission of the United States and authorization was granted for the export from the United States to Canada of this gas. Naturally at that time it was not known that a Canadian pipe line would be built from Alberta to Ontario and Qnebec. Accordingly it was not realized that it might be considered that this contract for United States natural gas might be depriving a Canadian pipe line of one of its major customers. However, a contract has now been made between Tennessee Gas Transmission Company and Consumers' Gas Company of Toronto whereby over the period of the 20-year contract between Consumers' Gas and the United States suppliers, Tennessee Gas Transmission Company will purchase all or any of this gas at any time. This latter contract was made so that if Canadian natural gas is brought to Toronto the Consumers' Gas Company can purchase Canadian gas and dispose of the United States gas for which they have contracted, without any loss to Consumers' Gas.

It is not known at this time how this Canadian gas is to be handled in the province of Ontario and whether a provincial authority will be used for its disposal, but Consumers' Gas Company of Toronto is now in the position that, upon this act being

passed and assuming approval by the board of transport commissioners, they will be able to supply the greater Toronto area with cheap natural gas before the end of this year, and if and when Canadian natural gas becomes available they will be in a position, without loss to themselves on the United States contract, to switch to Canadian natural gas. It is felt, therefore, that the passing of this bill will be of great, immediate and long-term advantage to the Toronto area, and will fit into the Canadian over-all plan to the general benefit of Canada.

It is of course clear to all members of the house that the passing of this act is the embryonic stage in the building of this pipe line. Evidence must still be adduced before the board of transport commissioners showing public convenience and necessity, and to have the location and construction approved. In addition, the company will have to satisfy all provincial legislative requirements and regulations.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, what has been explained to us has dealt largely with the immediate requirements of the city of Toronto and the importance of an early supply of natural gas for that large city which is now embraced in the metropolitan organization that has been set up. I submit there is a great deal more to this situation than has been mentioned so far. I am not disagreeing with the facts or figures put forward by the hon. member who is presenting the bill, but I do believe there are very important details which should be in the minds of all members in dealing with the measure now before us.

As has been explained, the bill authorizes the construction of a gas transmission pipe line for the purpose of carrying to the outskirts of the city of Toronto a supply of natural gas from Tennessee, which would then be distributed in the metropolitan area of Toronto by the Consumers' Gas Company. This gas would originate in Tennessee and would flow into a new pipe line to be constructed under the authority of the charter that would be granted by this measure, and then into the servicing lines of the Toronto system.

It has been mentioned already that this in fact is expected to be a temporary arrangement. It was stated the day before yesterday by Mr. A. R. Crozier, the fuel controller of the province of Ontario, that it is expected that within two years there will be a pipe line from western Canada carrying Alberta natural gas to the Toronto field as well as to other parts of eastern Canada.

What is important is the understanding very clearly expressed by Mr. Crozier, the Ontario fuel controller, and the Ontario minister of mines, to whose department Mr. Crozier is attached, that when western gas becomes available the flow will then be reversed through the pipe line to be constructed under the authority of this act, and Canadian gas will be carried to that area in Ontario through which the pipe line will pass coming from Niagara Falls. This, I think, is clearly understood. However, it should be remembered in considering this measure that in expressing their belief that it is desirable that authority be granted for the construction of this pipe line, the Ontario minister of mines and the Ontario fuel controller have both made it clear that this is related to an unqualified condition that this area will be available and will be supplied by gas from western Canada when the Canadian pipe line is constructed.

That being the case, I think we must consider the position in which we find ourselves in dealing with this measure. It is a simple bill of two sections giving general authority to Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line. There are no details as to where the pipe line will be constructed but it is understood by everyone that it will run from the Niagara Falls area to the outskirts of the city of Toronto.

A bill of this kind became necessary as a result of the amendment to the Pipe Lines Act which became law on December 16 last, which required a company to be authorized by a special act of parliament before constructing or operating an extra-provincial pipe line as defined in the amendment. We must remember that whatever is proposed by Ontario or Quebec or any other provincial government is subject to the interprovincial and international authority of the federal government in matters of this kind.

For that reason I feel this government should insist upon an unqualified undertaking that with the construction of an all-Canadian pipe line to eastern Canada, this gas from western Canada, which would then become available, would be used in the area that would be supplied by the pipe line to be constructed under the authority of the proposed measure now before us. I feel it is appropriate that the government give us the assurance that such a condition will be insisted upon during the course of the debate on second reading.

There is more to the measure than simply the construction of a pipe line. There is the broad pattern of the use of natural gas in this country which we cannot deal with in airtight compartments, and which must be regarded as part of the whole mosaic of construction throughout the whole of Canada.

I have seen statements made, even in the past few days, which suggest there is still in the minds of some people the thought that it is economically unwise to construct an all-Canadian pipe line. I have seen the suggestion that this would create a situation that would be unfair to the producers in Alberta. I hope anything that may be said here will be said with the acceptance of the basic proposition that as Canadians we are having full regard for the future economic welfare of the producers in Alberta and the people of that province, just as we are having regard for the people of eastern Canada who may be served by this project.

In dealing with this subject when that time comes—and this is not the time when the details of this problem can be dealt with—I think we should at all times remember that the price to be paid for natural gas in Alberta should be one that is fair to the producer, that will encourage new exploration and development, and that will afford to those who have risked their capital the reasonable expectation of profit which, in a country that fortunately still supports in the majority a system of free enterprise, will encourage the development there.

No question need arise in connection with this proposal as to the problem of export of gas from Canada or import from the United States. The supplies are enormous, according to the report of the petroleum and natural gas conservation board of Alberta dated November 24 last. It was estimated then that the reserve of natural gas already established in that province as of June 30, 1953, amounted to 11·5 trillion cubic feet. It is established with reasonable certainty that new wells will add at least 3 trillion additional cubic feet each year. These are astronomical figures. Taking those figures and dividing them by the demand that might be reasonably expected, it is expected that they will meet the demands of the local market, the markets of the provinces of Ontario and Quebec who will be very large consumers of that gas, for some time to come.

It may well be that the figures will be higher as time goes on. The figures, however, already established with a high degree of certainty make it clear that the demands of all the provinces to the east, including Ontario and Quebec, can be supplied, and that in addition there can be a substantial export of gas to the United States. For that reason there has been an arrangement under which the company which sought permission to export to the United States has combined its activities with those of the company that applied for permission to build the all-Canadian route. The result of this agreement is that the present plans contemplate an all-Canadian pipe line through the prairie provinces into Ontario and Quebec, as well as a branch pipe line south from Winnipeg to supply the Minneapolis area in the United States. With the added supplies, the amount available for eastern Canada and the United States will doubtless increase.

I mention this now because it is to be hoped that in the consideration of the measure now before us there will be no opposition to the bill on the grounds that it involves importation into Canada from the United States, or any suggestion that in the over-all plans now under consideration there is any objection to that measure of export which can be assured once our own future demands are protected. I would hope that in dealing with this we would have the assurance of the Minister of Trade and Commerce (Mr. Howe) that it is the intention of the government, with its wide powers over these matters, to insist that the construction of this pipe line carries with it the definite understanding, and in fact the undertaking, that when Canadian gas becomes available and the local market develops as a result of the supply of gas from Tennessee sources, then the market will be supplied by Canadian companies.

I mention that for a definite reason. There are those who believe it is absolutely necessary that a very large consuming area in Toronto and the surrounding districts be part of the area supplied by western Canada if the financing of that development is to be a practical possibility. Concern is also felt by some that this proposal might in some way endanger the construction of the all-Canadian line, unless the most rigid assurances are given. To indicate that this is no idle concern may I mention something I noticed in a quarterly publication called *The Heartland,* which is published in Washington. I have before me the edition for the fall of 1953. In referring to this development of a pipe line from the Niagara district to Toronto, which would carry Tennessee gas into Toronto, I find on page 50 this statement:

> This development is taken to mean the death knell of the all-Canadian project so dear to the federal officials in Ottawa.

I immediately concede that a statement of that kind has no bearing on the prospects; I merely mention it to indicate that there are those who do hold the opinion that this might endanger the construction of the all-Canadian line. I would also point out that this statement was made some months ago, before the statement had been made about the over-all plan for a Canadian pipe line which embraces

the combined activities of the two companies which were mainly concerned with this problem.

In dealing with this we should all be assured the government has decided definitely that, subject to the availability of financial resources for that purpose, the all-Canadian route will be encouraged, and the encouragement of that route will not be adversely affected by the support of the measure now before us. I do not think we can look at this measure alone without looking at the whole proposal. This is the time for us to decide that not only in the use of gas but in the use of our other natural resources the first consideration in every case will be the development of Canada and the employment of those resources to provide more work for Canadians here in Canada.

There can be no reasonable objection to that proposal by anyone living in the United States. After all, the United States built its great wealth and its great strength upon that basic proposition. They would be the last who could reasonably complain if we adopted the very same policy which was at the root of their rapid and impressive development during those past centuries.

When we have said that let us always make it clear that this does not carry with it any suggestion, such as is sometimes made, that we are refusing to deal on a fair and equitable basis with our friends in the United States. That would be unreasonable; it would be unsound; it would be contrary to the future interests of our country. Nevertheless we must remember that as we encourage immigration we are encouraging new demands for work at a time when there are those who are already looking for work in Canada. It is doubly important that we should remember that everyone who comes to Canada is also looking for a chance to work. It does seem inconsistent to me that we should encourage and accept as new citizens of Canada people who need work, while at the same time we export any resources which could more economically be used here, because the exportation of resources is not merely the export of some physical commodity; it is the export of work itself. As we encourage new working hands to join with us in building the greater Canada of tomorrow, it is surely wise for us to be certain that we keep within Canada whatever sources of employment are required to give work to these new Canadians on their arrival.

This proposal is related, and directly related, to other measures which have been before us at different times in the past two years. Long debates have taken place in this house on pipe lines in the past. Quite frankly, those debates were for the purpose of keeping those bills before this house so the need for a truly all-Canadian policy on this subject should be established. I know that on the other side of the house there was a great deal of resentment that those private measures, which were in fact government bills for all practical purposes, were held so long in this house before being passed. Nevertheless, it is significant that out of those debates there has emerged the Canada-first policy which was advocated by the members of this party. We made it clear that in those extended debates, which it would perhaps not be inappropriate to describe as filibusters, the one purpose was to use the right of debate to insist by every means within the power of the opposition that the interests of Canadians be given first consideration before we agreed to the export of this or other resources from Canada.

The debates on this subject began with the oil pipe line. I have no hesitation in saying that I still regret the decision of the government to support the construction of an oil pipe line south of the great lakes before we were assured of an all-Canadian pipe line. Nevertheless I am not going to renew the debate on that matter. However, I would point out that some of the warnings were justified. That line was constructed to carry oil to Superior, Wisconsin, from which port the oil could be carried by tankers to the Canadian refineries at Sarnia. However, it was only a short time after the oil pipe line to Superior was completed that the next step was taken and the pipe line was extended through the United States south of the great lakes and then back into Canada at Sarnia.

I do not believe for one moment that this intention was not in the minds of those who constructed that pipe line in the first place. I think that intention should have been disclosed to us. I am not making the statement that the government withheld information in their possession, but I am making the statement that I do not believe that those who constructed the pipe line so suddenly changed their minds after it had been constructed to Superior.

However, I agree with the statement that there is a difference between the transmission of oil and the transmission of gas. Gas can be carried only by pipe line; oil can be carried not only by pipe line but by tankers and tank cars. Therefore oil is more easily moved to different places than gas. I think it is certain that unless the gas pipe line is constructed through Canada we will be denied any advantages of the use of that gas in the area through which that pipe line

would pass, which would not otherwise be served if it were to pass south of the great lakes. I mention this now because I believe it is a consideration in support of my request that the government assure us that in supporting this measure we have the right to do so in the belief that appropriate steps will be taken to make sure that the market developed in the metropolitan area of Toronto as a result of this will be available to the suppliers of Canadian gas when that pipe line is completed in two years, as we hope it will be.

Sometimes this subject is discussed as though you could deal with it only on the basis of dollars and cents in determining the economic factors which should be borne in mind in reaching a decision. Mr. Chairman, the difference in cost, which has been estimated variously to be in the neighbourhood of $25 million, is something which should not be left to stand alone when considering what the effect would be of building this pipe line through Canada the whole way.

If the pipe line were to be built south of the great lakes presumably it would go south at some point near Winnipeg. You would have half of a pipe line costing in the neighbourhood of $300 million being built in the United States. That money would go to workmen in the United States. It would go for the purchase of land in the United States. It would go for supplies in the United States. It must be perfectly obvious to everyone that we would lose a great deal more than $25 million by the route passing into the United States and returning to Canada at some point in eastern Ontario. When I say eastern Ontario I am speaking of the Sarnia area which is in fact eastern Ontario, although it is sometimes called western Ontario.

The advantages of this construction should not be regarded as selfish advantages desired by people living in any particular community; nevertheless let us look at what would happen. If this gas was transmitted by a Canadian route instead of going south of the lakes it would pass through such cities as Kenora, Fort William, Port Arthur, Sault Ste. Marie, Sudbury and North Bay. There would be feeder lines into other areas in northern Ontario. It would then pass on to serve the Toronto area, the Montreal area, southwestern Ontario, eastern Ontario and those parts of Quebec which would receive service from feeder lines. The possible use of gas throughout that area is tremendous. Unless there were diversions of gas from this United States pipe line at different points, there would be nothing to equal the demand that would be created by those very active and important communities which would be using gas from this pipe line.

New demands are emerging almost every day. They are dramatic, they are romantic. For example, we have all been reading the dramatic story of the new discovery of metal in the Manitouwadge area in Ontario. Already it is estimated by the Ontario department of mines that there would be a daily demand of ten million cubic feet of gas a day in that area alone, which was nothing but bush only a short time ago. It is estimated also that there would be a demand of ten million cubic feet a day at Cobalt in Ontario and Noranda in Quebec. Similar demands would be expected in these other communities.

The history of the use of power of this kind, whether it be gas, oil or electricity, is that the consumption multiplies far beyond the estimates of the most optimistic at the time the original arrangements are made. I have seen what happened in Ontario in the use of hydroelectric energy. There is no reason to expect other than that the use of natural gas as a source of power for industry as well as for domestic fuel for the home owner will multiply far beyond the original expectations, in the same way as in the case of electricity and oil. That being the case, we may expect that the first use of gas in these areas will create new uses and new demands. All this will be lost, not only to those areas that would have this advantage but to those carrying the gas to eastern Canada, unless that route is followed.

I think this bill is part of what I referred to earlier as a great mosaic of development of a new source of fuel and power in Canada. I hope it will be regarded by the members of this house as part of that mosaic. However, can we have an assurance that it is part of that mosaic, and that in offering support of this measure we do so with the assurance that there is no wavering in the declaration of policy in regard to an all-Canadian gas pipe line?

I do not believe it would be right to pass from this discussion now without commending those who so persistently and for so long have fought for this policy. This policy has been stated, and we can say without boasting that this was the policy we advocated from the beginning, and continued to advocate over long weeks and months. I hope we will have the assurance now by the one minister who is in a position to give that assurance that this bill with its two sections does not stand alone. I hope we can have the assurance that the great possibilities in the development of an all-Canadian route, with full consideration for the rights and expectations of

the producers in Alberta as well as the consumers in eastern Canada, will be part and parcel of the decision we make in approving this bill.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I will say at once I believe there is no substantial difference between the Leader of the Opposition (Mr. Drew) and myself as to what we hope to do in serving Ontario and Quebec with natural gas.

I think, though, I should at once correct one misconception. The Leader of the Opposition asked the government to give assurances that if this bill passed certain things would happen. I would like to point out to him that by an act of this parliament the importation of gas across the international boundary was brought under the provisions of the Pipe Lines Act. Prior to that legislation the government had no authority whatever to control the importation of gas from the United States, as he knows. The Pipe Lines Act, before it was amended, provided for gas moved across provincial boundaries, but perhaps through an oversight it did not provide for the movement of gas across the international boundary.

However, this is a private member's bill asking for the incorporation of a company to build a pipe line. No import permit is required to do so and if parliament passes this bill the government as such would have no control over the situation. It is true that the bill must go to the board of transport commissioners, which, as hon. members know, is a judicial board. I sincerely hope the board of transport commissioners will be seized with the long-range problem of bringing gas to Ontario and Quebec, and will measure the effect of the application made under this bill with regard to the over-all results.

I would emphasize, however, that once this bill is passed the machinery operates as set out in the Pipe Lines Act, and no further federal government authority of any kind is required. If the board of transport commissioners should decide that no regard should be paid to the situation brought about by plans to bring gas from western Canada, the government would be powerless to intervene.

Having said that I would point out that I am not opposing the second reading of this bill. I believe that if a responsible company desires to build a pipe line for a purpose which is in the interests of Canada or any section thereof, then the incorporation should be granted. But I believe it is the duty of the committee on railways, canals and telegraph lines, to which this bill will be referred, to bring the interested parties before it in order to deal with the points raised by the Leader of the Opposition, which are certainly most important, and to report to the house its findings based on what it learns from an examination of the bill. I have no doubt the committee will wish to see the contract for gas which would be implemented through the building of this pipe line, and that it will also wish to make sure that the Toronto area is reserved for natural gas from the west.

The incorporators of Trans-Canada Pipe Lines Limited have embarked on the largest operation of this kind ever undertaken. It is a project which will adequately supply gas to the fuel-starved areas of Ontario and Quebec. In regard to this great national project it is my desire, and I am sure the desire of every hon. member of this house, to see that nothing intervenes in the meantime which would jeopardize the success of that project.

Strangely enough I have never received any communication from the incorporators of this bill. I have read letters addressed to me in advertisements in the press, but I have never had a letter laid on my desk which was signed by anyone connected with the Consumers' Gas Company. I must say I did not read these letters very carefully because I do not care to be addressed through the public press, but it seems to me an extraordinary complex must exist in certain sections of Ontario, when people prefer to address a minister of the crown in that fashion. However, I do not resent that particularly. I merely wish to emphasize that I know very little about the plans of the incorporators of this bill.

Mr. Drew: I do not want to interrupt the Acting Prime Minister (Mr. Howe) but I do not believe he will question the fact that those interested in this project were here in Ottawa discussing this matter.

Mr. Howe (Port Arthur): Not with me; never with me.

Mr. Drew: I think the Acting Prime Minister will agree they were here. I happened to see some of them myself.

Mr. Howe (Port Arthur): I have seen them here also, but they have never discussed the subject either with me or any member of my department. A year or so ago Colonel Bishop came to see me about the matter and we discussed the situation in a general way; but ever since then, as I say, all I have seen were letters addressed to me through advertisements in the press. I have never talked to any of the officers of the company face to face.

I would like to give my views on the situation in some detail, but meantime I would ask that the debate be adjourned.

On motion of Mr. Howe (Port Arthur) the debate was adjourned.

The Acting Speaker (Mr. Applewhaite): At eight o'clock the house will resume consideration of the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

NATIONAL HOUSING ACT

SUBSTITUTION OF NEW LEGISLATION TO INSURE APPROVED LENDERS, ETC.

The house resumed consideration in committee of Bill No. 102, to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and building conditions—Mr. Winters—Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Johnston (Bow River): Mr. Chairman, at five o'clock I had just put on the record the cost of building a house under the present act over a 20-year period of amortization. That appeared at page 336 of the evidence. I wish now to turn to page 337, the following page, and put on record the cost of building a house.

Under the new bill, with interest at the probable rate of 5½ per cent, the cost works out as follows:
Interest: 5½ per cent, compounded semi-annually.
Amortization: 25 years.
Down payment: 10 per cent on the first $8,000: $800
30 per cent on the other $2,000: $600
Monthly payment on $8,772 mortgage (includes 2 per cent insurance): $53.55
Total monthly payments: $53.55 x 12 x 25 $16,065.00
Down payment 1,400.00
Total 17,465.00
With a 30-year amortization period, the monthly payment is $49.47, which brings the total cost to $19,209.20.

You will notice there, Mr. Chairman, that the cost of $9,209.20 is due entirely to a financial charge. That figure is almost equal to the original cost of the house. It seems to me that in itself is evidence that the financial cost of erecting one of these houses is out of all proportion, having regard to what the people can afford to pay. When I said a while ago that two-thirds of the people of Canada—using the minister's own words—were not in a position to own or rent homes of their own, I think this is the answer to it.

[Mr. Howe (Port Arthur).]

If we can get around that difficulty or if we can devise some means whereby we can bring down the financial cost—

Mr. Winters: I wonder whether the hon. member would permit me to interrupt at this point. He has used that illustration on one or two occasions. What I meant was to own new accommodation or pay an economic rental for new rental accommodation.

Mr. Johnston (Bow River): I did not catch the first part of that explanation.

Mr. Winters: It applied to new accommodation.

Mr. Johnston (Bow River): To provide new accommodation. I do not think there is any material difference between what the minister had in mind and what I have in mind. Let us take the fact that only one-third of our people can afford new homes or can afford to rent houses at the ordinary rate of rent. That still is the same picture. It is deplorable when we consider that two-thirds of our people will be unable to take advantage of this legislation, even under the new bill. I think that fact should have some bearing on the type of legislation we bring in.

I should like to refer again to page 161 of the evidence taken before the committee in order to draw a comparison. This was during Mr. Mansur's evidence, and I refer to appendix "D". He gives examples here of payments on a house costing $10,000, including land $1,000; taxes estimated at $200; loan, $8,772, including fee of $172; gross debt service ratio 23 per cent. With the interest rate at 2 per cent for 25 years—and that is the one I want to refer to—the monthly payment would be $37.15 and the yearly income required would be $2,808. That is at the rate of 2 per cent. I use the 25-year period because I think that length of amortization period will be the one generally used.

If we come down the column we come to the interest rate of 5½ per cent, and I am using that one; I am assuming that the probable rate of interest will be 5½ per cent. At 5½ per cent, on a 25-year amortization, the monthly payment would be $53.54 and the yearly income required would be $3,663. According to the figures I have used, Mr. Chairman, I think it is evident—since over 58 per cent of our people earn less than $3,000 a year—that under this plan as proposed two-thirds of the people of Canada will not be able to participate because the carrying charges are so extremely high.

Mr. Philpott: Would the hon. member permit a question?

Mr. Johnston (Bow River): Yes.

Mr. Philpott: I am surprised to note that the hon. member makes no reference whatever to two sections of the act which provide for co-operation in large scale building of rental projects. Section 36, for instance, provides up to $50 million.

An hon. Member: That is not a question; that is a speech.

Mr. Johnston (Bow River): What is the hon. member's question? The hon. member is right. I have not referred to the co-operative housing section yet, and I would be quite out of order if I did so. I am now dealing with home ownership, and this does not apply to the co-operative section. I shall have something to say about co-operative housing when we arrive at it, and that will be when that section comes before us as we discuss the sections of the bill. I have not overlooked it by any manner of means.

On other occasions in this chamber I have proposed a plan which I think would solve the problem. I may be wrong. This Social Credit party which sponsors that plan may be wrong, but at least we have offered something, and I have not heard any other proposition offered today. I therefore want to repeat the one that we have persisted in offering. I am speaking now of making money available to people at 2 per cent.

Mr. Ellis: That is C.C.F. policy.

Mr. Johnston (Bow River): No; that is not C.C.F. policy.

The Deputy Chairman: Order.

Mr. Johnston (Bow River): The C.C.F. have just adopted the policy which we suggested. I am sure they are becoming enlightened. For that fact I am indeed grateful.

From the figures I put on the record a moment ago, Mr. Chairman, you will see that it is possible to build a house, charging 2 per cent interest, and come within the bracket of $3,000 or less. In fact, as I said a moment ago, it would be $2,808. When the bill we have before us will not take care of that class of people, it seems to me that something in addition to what we are doing under Bill No. 102 should be contemplated by the government.

This suggestion as to 2 per cent interest is not new. There is on the statute books under the title of the Municipal Improvements Assistance Act a law which permits money to be loaned to municipalities at 2 per cent. We in Alberta have been practising that principle in self-liquidating projects, where the province lends money to municipalities at 2 per cent to create the so-called self-liquidating projects which could be used for servicing land.

If the provincial government can do it, it does not seem to me that it would be such an impossible task for the federal government to do the same thing. It would take but little adjustment in the wording of the Municipal Improvements Assistance Act, which deals with self-liquidating projects, to put housing on a self-liquidating basis as well. I do not see what difference there is between calling the installation of a water system or an electric light system a self-liquidating project and calling a housing project a self-liquidating project. Over a period of time the loan is paid off, and as the money is repaid it is put into the revolving fund and can be used again.

Under the present legislation the down payment is $1,400. I would suggest that under a revolving fund plan established by the government the down payment could be set at at least $500. I use the figure of $500 because I think if a person is going to build a home he should have a fairly substantial equity in it when it is started, and in my opinion $500 would be sufficient. Then when he and his family started to live in the house his equity would increase every month, and that would be an encouragement to take proper care of the premises.

One of the biggest difficulties we have had under the National Housing Act, which was admitted by Mr. Mansur, has to do with supervising construction and the detailed management of the corporation. Inspection has been one of the things that have caused the greatest trouble. I think the municipalities should have that responsibility. The only part the federal government should play is to see that the money is made available at 2 per cent, that there is proper backing from the municipalities and provincial governments, and that the houses are built according to the plans and specifications. An inspector is all that is required in that field, and I think there would be much greater satisfaction than exists now.

As I said a moment ago, if the federal government refuses to accept this proposal, at least it could extend the same privileges to those people who are unable to come under this legislation, the class of people to whom the minister himself referred, those with incomes of $3,000 a year or less.

There is a good deal more that I should like to say. An hon. member on the other side of the house mentioned a while ago the construction of houses under a co-operative plan, I should also like to speak on subsidized low rental housing. No matter how low the down payment or the monthly payments may be, there is a class of people who just cannot qualify. There is a class of people who for one reason or another never will

desire to own their own homes. Circumstances control that situation as far as they are concerned. In that case I think we would have to go beyond my proposal of a revolving fund or the provisions of the bill now before us, and definitely enter the field of subsidized low rental houses. I should like to speak on that if time would permit. I do not have time to deal with these matters now but I shall reserve the privilege of speaking on them when the various clauses of the bill are before the committee.

Mr. Vincent: Mr. Chairman, a few weeks ago I had the privilege of telling the house that the present legislation involved a fair and middle of the road course. The legislation has now come back from the banking and commerce committee and I still am of the same opinion. But at the same time I think it is my privilege and my duty to draw the attention of the house to certain recommendations I made at that time which for some reason the banking and commerce committee has not seen fit to adopt. I refer to the scope of the National Housing Act. I think the act in itself is national in scope, but it should also be national in its application.

When speaking early in January I suggested that the down payment should be uniform at 10 per cent for all categories of houses, not only for housing costing $8,000. I merely made a simple statement at that time, but today I should like to amplify it and give the house the reasons which led me to make this recommendation. During the debate an hon. member from the province of Quebec asked that loans should be made for the benefit of the large families of Quebec. I should like to correct this statement, because I do not believe Quebec is the only province in Canada that has large families. I do not believe large families are only a matter of creed, religion or race. I can cite from history, for example, the case of George III and Queen Charlotte. They had 15 children. So I say that under the housing act we should as far as possible give everybody the privilege of borrowing the amount of money they need to build a home that will suit their own purposes.

A man with three children will need a greater loan than $8,000, because if he does build a home worth $8,000 he is building a slum house. I regret that the banking and commerce committee has not seen fit to take this fact into consideration. We speak of immigration and enlarging our population, but I think we should take care of our human capital at home because our human capital is most vital and important. I have no objection to bringing immigrants to this country; they can become very good Canadian citizens. But at the same time I think we should see that our Canadian families have the possibility of expanding. I think we should let nature take its course. That may seem a humorous remark to the house, nevertheless I think it has a social bearing. I believe it is my duty to again draw the attention of the house to this matter.

In the second place, I wish to state that there is also an economic reason. If we grant loans on houses and give preference to $8,000 homes, we are creating a market for $8,000 homes. If we build too many $8,000 homes under present circumstances the housing market in Canada will not have the diversity which is needed in any commercial market. I do not think a manufacturer who produced only size eight stockings or gave preference to that size just because he had machinery for that size of stocking would be able to compete in the market. This same argument applies in the housing field.

I should like to make a few remarks on the application of the National Housing Act. I said in January I was glad to see this bill before the house because I believed it would solve the problem of housing where the old act failed. I can say now, and I shall repeat it in this house, that the old act failed in my constituency to the extent of about 80 per cent of the population. Why was that so? It was simply because the joint loans which were made through the finance companies were left entirely in the hands of the finance companies. If they did not wish to lend in one community or another, then those communities were denied the benefits of the act.

Under the new bill, and I must bring this to the attention of the house, the people of Canada will ultimately be footing the bill if foreclosures occur. For this reason, I feel that we should give every Canadian and every region in this country the opportunity to get loans. In the international field this country has seen fit to give grants under the Colombo plan. Well, I agree with that. On the other hand, I do not feel there should be any underprivileged regions in Canada. I should like, therefore, to see this act applied in such a way that all regions are given a fair chance to get loans. If the act is applied properly by Central Mortgage and Housing Corporation, and if the lending institutions refuse loans in certain regions, then I advocate that the government step in and say that loans must be made in every town in this country. Then we would have a National Housing Act applied nationally. That is what I am asking here tonight. I should like to see fair play for all Canadians.

After all, the principle of no taxation without representation does not find its full expression merely because a constituency has a member sitting in this house. It finds its full expression through the benefits which the whole population derive from that taxation. If the people of Canada as a whole are going to foot the bill in case of foreclosures, they should be given an opportunity of obtaining loans under this National Housing Act. There should be no underprivileged regions.

In closing, I recommend that these few remarks be taken into consideration, and I thank the government for whatever steps are taken to see that all the people get a fair chance to get loans under this act.

Mr. Thatcher: I was rather interested in the remarks of the hon. member who just took his seat. I feel that he expressed some of the doubts which many of us have about the bill which is before us. I should like to invite him, a little later, to vote against the bill, as no doubt I shall.

The main purpose of this legislation, as I understand it, is to try to find a method of easing Canada's housing shortage. Some weeks ago, along with the hon. member for Nanaimo, I voted against the motion for second reading of this bill. I did so because I was convinced that it was not an effective answer to our housing difficulties. After sitting in the banking and commerce committee during a substantial number of meetings I am even more convinced of that fact today.

What is the housing situation in Canada at the moment? I think all hon. members would agree there is a very heavy backlog of housing because of the depression and the war years. As a matter of fact, the housing shortage continues to be desperately acute. Mr. Mansur, the president of Central Mortgage and Housing Corporation summed it up in one sentence, in this way. He said, at page 88 of the committee evidence, that "starting from 1948, I think the effective demand is higher today than at any other time". We, as members, I suppose must assume that this legislation is the government's answer to that present demand.

Surely in evaluating this bill tonight, whether we sit on the government or on the opposition side, we should ask ourselves one question. Will this legislation ease the acute housing shortage in Canada? Will this bill give housing to the people who need it? It seems to me there are a number of weaknesses in the legislation which could make it virtually ineffective. I hope this will not prove to be the case, but I fear it will.

In the first place, so far as I can see this bill will do nothing to provide housing for those in the lower income groups. Mr. Mansur placed some very interesting evidence before the committee at page 161 of the proceedings. He put on the record several tables. The first table shows that to build a $10,000 house and amortize it over a 20-year period with interest at 5·5 per cent, a man must have an income of $4,002. If we look at the figures which the Department of National Revenue puts out, in its report "Taxation statistics for 1952", we find that 85·4 per cent of Canadian wage earners in that year did not earn $4,000. In other words, if we do not count the income of wives only 15 per cent of Canadian wage earners could qualify under this act to build a $10,000 house.

If we take a $12,000 house—and many people with children would have to build a $12,000 house with the extra bedrooms—we find that Mr. Mansur's statement shows that with interest at 5·5 per cent a person must have an income of $4,686. In the year I mentioned, 90 per cent of Canadian wage earners did not earn that amount. I suggest, therefore, that only 10 per cent of Canadian wage earners could qualify to build a $12,000 home under those circumstances. Thus, as I see it, the first weakness in this legislation is that it will do nothing to bring home ownership to the vast working class that really needs it.

In the second place, if I interpret this legislation correctly we have no assurance that even if the bill passes, the mortgage funds available for housing will increase. It was pointed out this afternoon that as soon as this bill passes the government will cease making joint loans. Thus there will be approximately $60 millon which was available last year from this source that will not be available this year. In other words, in this bill the government is abandoning what little responsibility it did have in the field of house financing. Mr. Mansur pointed out fairly clearly, as did Mr. Bryden of the insurance companies, that in the coming year Canadian insurance companies will have smaller amounts of mortgage funds available for housing than they had in past years. Therefore this legislation is designed, I suppose, to more or less take up the slack, to make bank deposits available for long-term housing loans. Mr. Speaker, we should realize that this is only permissive legislation. We have no assurance that the banks will make available the amount of money we need for adequate housing.

In his evidence Mr. Atkinson, vice-president and general manager of the Royal Bank made it very clear that the banks did not

regard housing as a suitable field for investment. Time and again the banks have told us that they are already fully "loaned" and that they have not large sums available for housing mortgages. Thus I say this legislation gives no assurance that the banks will lend the amount of mortgage money required. It is very clear that the banks themselves are dubious about this legislation.

In the third place, I suggest that this bill will do nothing to provide cheaper houses. Certainly in my constituency, and I presume in others, one of the main obstacles to a man becoming the owner of a house is the very high cost. Under this new plan housing is going to be much more expensive than it was under the old plan. Under the new plan, for instance, the purchaser must pay a premium for insuring the loan. That will amount to 2 per cent of the mortgage. If the mortgage is $10,000 that amount will be approximately $200. Moreover, the lower down payment, the extended amortization period and the higher housing interest rate are going to force the prospective owner to pay more for his house in the long run.

I should like to compare the cost of the same house built under the old plan and the new plan. For example, let us take a $10,000 house. Under the old plan the down payment was 20 per cent, the interest rate 5¼ per cent, and the amortization period 20 years. Under the old plan the total cost was $2,000 down, $8,000 principal, $4,878 interest. Under the new plan the down payment will be $1,000; the interest rate at least 5½ per cent—it may be 5¾ per cent; we have not been told yet—the amortization period 25 years. The total cost could be $1,000 down; $9,000 principal; $7,482 interest. I have compounded the interest semi-annually in both cases. In other words, an identical house built under the new plan is going to cost the purchaser, by the time he owns the title, roughly $2,600 more than it would cost him under the old plan. I suggest that is not a very satisfactory answer to the nation's housing needs.

There is one other aspect of this bill which I do not like. Even if the banks can find adequate funds, they may do so only by taking those funds from somewhere else. Such a diversion might make it more difficult for farmers in eastern and western Canada to obtain funds from the banks at a time when they need them urgently. The banks might also be forced to tighten up on industrial and commercial loans. In other words, I maintain that this legislation is not the answer to Canada's housing problem.

Even if the bill passes new houses will still be beyond the reach of the average Canadian family. Under this legislation the interest rate is excessive, the over-all costs are too high, and the income qualifications are too severe. In my opinion this legislation is little more than a mirage to the vast majority of would-be house owners.

Mr. Blackmore: That is right.

Mr. Thatcher: Under this legislation the government is passing the housing buck to Canadian banks, and the banks understandably are reluctant to receive it. They are not enthused about being made the goat. The bill is unsatisfactory and inadequate, and I shall continue to vote against it at every stage, if further votes are called. We in the C.C.F. still believe that the present housing problem in Canada can only be solved by the marshalling of public funds to complement private construction.

(Translation):

Mr. Gagnon: Mr. Chairman, the evidence heard during the sittings of the banking and commerce committee has not only been very interesting but it has enabled us to appreciate the great service rendered by the Central Mortgage and Housing Corporation to the Canadian people.

The associations that have been called upon to do business with the corporation have been pleased to recognize that they have always obtained useful and frank co-operation from the corporation.

There is no doubt that the benefits of the new legislation will be appreciated by citizens in a position to take advantage of them, that is, people earning $3,600 and over per year. I am in favour of the present bill because it is absolutely necessary in spite of its shortcomings. I would like however to call the hon. minister's attention to the need of helping family heads earning less than $3,000 per year. In that connection it might be advantageous to copy the Quebec family housing act and grant a rebate of interest to the borrower.

The housing problem is a highly social matter and, in my opinion, those who are less fortunate should be looked after first, because they are the ones most in need of help and protection. To save a few hundred dollars, most workers must toil and make sacrifices for several years. It is practically impossible for them to meet the conditions prescribed by the present legislation.

In my constituency, particularly in the city of Chicoutimi and the town of Port Alfred, farsighted and courageous men, moved by an extraordinary civic spirit, have succeeded, through hard work, will power, steadfastness and in spite of many obstacles, in organizing housing co-operatives, the results of which

are now the pride and beauty of those towns. It is the duty of the government to stimulate that kind of activity and to contribute to its development.

Those are, Mr. Chairman, the few remarks I wanted to make in connection with this bill.

(Text):

Mr. Cameron (Nanaimo): In the first place it must be said that it is rather regrettable the government saw fit to bring this bill back to the house before the minutes of the final meeting of the banking and commerce committee on the bill were made available to all hon. members. However, in the minutes that hon. members now have in their possession we have perhaps a basis for discussing the actual realities with regard to this bill.

I have always regretted that I was out of the house at the time the Minister of Public Works made his speech with regard to the criticisms of this bill by members of the opposition. Of course since that time I have had an opportunity of reading his speech, and I must congratulate him upon it. But I wonder if before he and his officials see this bill put into effect he will think he was quite wise in the view he took on that occasion of the position taken by the members of the opposition.

I have in mind, for instance, the criticism he made of the various estimates made by hon. members with regard to the possibility of people with lower average incomes owning their homes under this bill. Referring to the remarks of the hon. member for Broadview, he said it was a complete distortion of the realities of the situation to suggest that only houses of $10,000 and up could be built under this bill. The minister is reported at page 1574 of *Hansard* of January 28 as follows:

> I have just checked with Central Mortgage, who tell me that in 1953 approximately 25 per cent of the houses for home ownership were below $10,000 in cost. He took the example of a $10,000 house, and gave the impression that anybody with an income of less than $3,860 a year need not apply for a loan under the National Housing Act.

I think the hon. member for Broadview was probably on fairly sound ground when he took that position. We find on page 163 of the minutes of the banking and commerce committee a table set out which was presented to the committee by Central Mortgage showing the relationship between home ownership income and down payment and interest rates. I notice, curiously enough, that the example Central Mortgage and Housing saw fit to present to the banking and commerce committee was that of a $10,000 house. While it may be true, as the minister says, that in 1953 a number of houses were built at a cost of less than $10,000, he does not tell us how much less than $10,000.

When we turn to a statement presented to the committee by Mr. Bryden, appearing at page 170 of the evidence, we find set out the experience of the companies for which he was speaking. He had some interesting figures to give. He showed that in 1953, which was only last year, the average loan for new single houses was $7,990. If it had been $10 more the average house cost would have been $10,000 in 1953. It is quite true that because the average was $7,990 for an 80 per cent loan instead of $8,000 there were a number of houses built at a cost of less than $10,000. But how much less? How important a factor in the whole picture did they constitute?

As I say, I was interested in the minister's tour de force on the second reading of this bill, but I was interested also in what he had to say at an earlier stage. At that time he was more in the role of a statesman introducing legislation than a politician replying to attacks in the House of Commons. As I recollect it, the minister was telling us at that time of the manner in which the government through this legislation was enabling larger sums to be made available for mortgage purposes for the building of houses. Then, so that the banks would not endanger the liquidity of their assets, he pointed out that there were two features in the bill which offset the possibly dangerous tendency involved in this new departure in banking practice.

These two new features were, first, the fact that mortgages issued under the authority of this legislation would have a comparable status with government bonds for the purpose of deposit with the Bank of Canada for loans. The other was the insurance feature whereby when a bank had finally evicted a delinquent borrower they could go to Central Mortgage and Housing and they would bail them out.

We had before the banking and commerce committee Mr. Atkinson, who is general manager of the Royal Bank of Canada. He had a few things to tell us. He was asked a question with regard to this strange proposition of the minister that these loans being made available for deposit with the Bank of Canada ensured the liquidity of the bank's assets. In answering that question Mr. Atkinson apparently was of a different frame of mind from the minister.

The Chairman: Shall clause 1 carry?

Mr. Cameron (Nanaimo): No, it is not carried. Take your time. I have no doubt you would like to have it carried, and the minister would like to have it carried. I should like to quote from page 326 the questions which I asked Mr. Atkinson in the banking and commerce committee and the answers he made thereto, as follows:

Q. Mr. Atkinson, I would like to revert again to the question of liquidity. As you are no doubt aware, sir, when the Hon. Mr. Winters was introducing the resolution which brought in this bill he mentioned the question of the liquidity of bank assets and suggested—you can correct me if I am wrong—that without certain provisions with regard to these mortgage securities the government felt that the liquid position of bank assets might be endangered; or rather he expressed the view that the government felt perhaps the banks would feel that their liquid assets would be endangered without certain provisions. Is that right, that the banks felt that the liquid position of the bank's assets might be affected unless there were special provisions?—A. I think you are speaking of the provision for using them as collateral into the Bank of Canada.

Q. That and another provision. I was coming to that. Do you agree that something had to be done to avoid having this type of business endanger the liquidity of a bank's assets?—A. I find that a rather difficult question in that I am more inclined to agree with what the governor said yesterday that the reason for doing that was to keep a black mark off this type of security.

And the next question.

Q. You agree that the provision whereby a bank may deposit these mortgages as a basis for loans at the Bank of Canada really has not practical application with respect to preserving the liquidity?—A. That is right.

So we must come to the conclusion that no matter what they thought with regard to this particular provision, the chartered banks of Canada considered that his statement had no bearing whatever on the realities of banking practice.

The next provision which was going to preserve the liquidity of the banks' assets was, of course, that by which Central Mortgage was empowered to bail them out when they finally had to foreclose. I asked Mr. Atkinson this question as reported at page 326:

Q. Then you went on to explain your very grave dislike for the role in which the banks are going to be cast, that is of a Scrooge. Would I be wrong in assuming that your policy would be to exercise such care in the granting of these loans that you would not under any circumstances be obliged to take advantage of the other provision the Hon. Mr. Winters suggested as a method of maintaining the liquidity of the bank?—A. What was the other provision?

Q. The fact that under this new bill as anticipated when a mortgage is in default a bank may after certain procedures call on the Central Mortgage and Housing Corporation to bail them out?—A. By the collection of the insurance?

Q. Yes.—A. It is a very natural position to dislike, as you put it, being a Scrooge.

Q. You would exercise every care not to have to take advantage of that provision?—A. I think we would attempt not to make a loan which we felt was likely to go into default.

[The Chairman.]

That pretty well disposes, I believe, of the two provisions advanced by the minister for assuring the liquidity of the bank assets when they embark on this new type of business. But it brings us to an even more fundamental question, namely whether they are actually going to embark on this particular type of business. I was quite astonished when Mr. Atkinson told the banking and commerce committee that though it was announced by the Prime Minister on October 1 and by the Minister of Finance on the same day, he had no prior knowledge that such a move was being considered by the government. As I have intimated, I suggest the move should not have been decided upon by the government, particularly at the present time when the chartered banks of Canada are fully loaned.

Here we have a most astonishing situation, Mr. Chairman. We have all the accumulated political wisdom in Canada assembled on the government benches and with this vast conglomeration of administrative ability not one minister had brains enough to suggest consulting the chartered banks before they introduced this legislation. We are asked to believe, Mr. Chairman, that the chartered banks of Canada are going to leap gladly into the breach and save the day for the government. No one who listened to the careful, courteous and extremely cagey comments by Mr. Atkinson of the Royal Bank of Canada could be under any illusion on that score. The only possible hope Mr. Atkinson held out that this legislation might prove effective was the hope that somehow, at sometime or other, there might perhaps develop a market for these mortgages.

This led me to another line of inquiry in the banking and commerce committee, namely to find out just where they expect this market to develop for these mortgages. There was very little light to be shed on that matter, but it did become quite obvious that unless such a mortgage market develops, and develops very quickly, then there will be very few mortgage loans made by the chartered banks. That is quite right, of course, because it is not their business to engage in long-term loans even under the beneficent auspices of this all-wise government.

I have heard it suggested, incidentally by very responsible members of the Liberal party in this house, that in the final analysis the government is not really very interested in permanent loans by the chartered banks. I have heard that they are more interested in securing the services of their 4,000-odd outlets, and that when these loans are made steps will be taken to have them taken over by Central Mortgage. I find it hard to believe

that even when it is suggested by responsible members among the government supporters in this chamber. If that is the case, and if that is where the market for mortgages is going to arise, then why has not the government told us what its plans are going to be in that regard?

It may very well be, Mr. Chairman, that the government could adopt a policy, though not under the existing legislation, under which by embarking on a fairly modest scheme of public investment in housing they could increase the chartered banks' deposits and make more money available for housing. But if that is the plan why do they not tell us? If I had any doubts whatever about the aptness of the term applied to this legislation by an hon. member whom modesty prevents me from identifying—he described it as a "cruel hoax"—these doubts were resolved by the dismal proceedings before the banking and commerce committee.

In the first place, the government had not sense enough to find out whether it was a feasible plan with regard to the chartered banks, and in the second place the government is apparently not yet prepared to tell us just what ought to be the terms of these loans. No matter how hard we pressed the minister we were unable to get from him any undertaking with regard to the interest rate. We still do not know what people will be required to pay on these loans. Possibly the minister has it locked in his bosom where he had the whole plan locked without even unveiling it to the chartered banks, but certainly he has taken no one else into his confidence.

No one knows today, Mr. Chairman, whether these family groups to which the hon. member for Moose Jaw-Lake Centre referred are going to be able to carry these charges, because this government has not yet given us the information upon which to judge. We do not know whether the interest rate is to be 5½, 5¾ or 6 per cent. No one could have been more coy than the minister in evading answers to questions on this subject, both in this chamber and in the banking and commerce committee. He hid behind the voluminous skirts of the Minister of Finance whenever questions of that sort were asked, telling us these questions were not within his province and they would more properly be directed to the Minister of Finance. Unfortunately the Minister of Finance was not on the stand and available for questioning.

I trust that some time before this bill is finally dealt with in the chamber the minister will have the courage to come before the house and tell us that for once this all-wise, omniscient government has made a mistake; that there will have to be some further amendment of this act before it will work, and that in the light of the disconcerting evidence given before the banking and commerce committee the government freely admits that it miscalculated as regards this situation. The government would then perhaps assume a stature in the eyes of the people which not even its electoral successes of last year have endowed it with to date.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Authority to lend.*

Mr. Knowles: Mr. Chairman, may I ask a question on this clause? I am sorry it has not been possible for me to read all the minutes of the evidence in the committee, so I will simply have to ask whether the point I have in mind was considered there. My question comes under the wording in this clause which refers to "an approved lender". Was there any discussion of the possibility of pension funds being made available for housing on the same insured basis as funds are to be made available under this legislation?

Mr. Winters: I was not in attendance at all the proceedings of the committee. However, I read the evidence, and to the best of my knowledge that matter was not considered by the committee.

Mr. Knowles: May I ask whether it has been considered by the government? I have in mind the substantial moneys that are put away by companies with private pension plans and so on. Moneys of that kind are, under the present order of things, seeking to earn interest. It is also true that funds are needed for housing. Hence my question, was consideration given by the government to making such funds available for housing on an insured basis?

Mr. Winters: Although we have not done it so far, and although I do not believe it was discussed by the committee, we are prepared to recommend that pension funds be made eligible to approved lenders, for the purpose of making insured loans.

Clause agreed to.

On clause 4—*Interest.*

Mr. Knowles: I wonder whether the minister will not treat the committee of the whole house with a little bit more frankness on this question than that with which apparently the banking and commerce committee was treated. A few moments ago reference was made to a secret that is locked up in his bosom, or maybe it is behind the skirts of the Minister of Finance.

Mr. Abbott: Behind what?

Mr. Knowles: Despite all the arguments that have been used against it, surely this committee of the whole has the right to know what the rate of interest is going to be when this legislation is enacted. I remember the night the resolution preceding this bill was introduced—it was one night in December before we went home for the Christmas recess —when the minister made the statement that the rate of interest would not be made known until the bill had been passed through all its stages, both in this place and in the other place, and had been given royal assent. At the time I heard that statement I thought the minister had made a slip and really did not mean that; but apparently he knew what he was saying.

It seems to me that we are dealing here with perhaps one of the most important aspects of this legislation, namely what the rate of interest is to be. The minister will no doubt come back and tell us that this idea of having it in the act in the nature of a formula is not new, that this is the way it was before. Surely the minister knows what the rate is going to be. Surely he should not be so coy and should not kid us along in the way he is doing, but should tell us what the rate of interest is going to be.

Mr. Winters: This section of the present act provides authority for the governor in council to establish the interest rate. The section has not been amended. The position I have always had to take is that there will be another order in council under the section establishing the interest rate. In the light of developments I think it is just as well that I did not attempt to announce any interest rate when this bill first came before the house. Interest rates have been declining. At that time the interest rate on long-term government bonds was about 3¾ per cent, permitting a maximum mortgage interest rate of 6 per cent for home ownership. That interest rate has now declined to about 3·51 per cent. The corresponding maximum interest rate permitted under the section would be 5·76 per cent. The interest rate is still declining. It may be that by the time I am required to make a recommendation to my colleagues the interest rate will be somewhat lower. Naturally I want to ensure that we get the lowest possible interest rate, having in mind the debt burden on the borrower and at the same time, of course, keeping it high enough to attract a sufficient amount of mortgage money.

Mr. Knowles: Is the minister suggesting that we keep on talking on this bill and stall along until the interest rate falls a little bit more? Perhaps the hon. member for Eglinton would help him out if that is the proposal.

[Mr. Knowles.]

Mr. Sinclair: The hon. member can do it all by himself.

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Insurance of loans, etc.*

Mr. Vincent: Subsection 2 of clause 6 I think refers to the principle at which I was driving a while ago. It reads as follows:

> The corporation may prior to the issue of an insurance policy in respect of a loan give an approved lender an undertaking that it will issue the insurance policy if the loan is fully advanced in accordance with this act.

Does this mean that the government or Central Mortgage and Housing Corporation will take into consideration the recommendations made by the bank; or does it mean—and I should like the minister to answer this question—that if an application is made to a bank for a loan, Central Mortgage and Housing Corporation will have the privilege of refusing this loan?

Mr. Winters: Yes, Mr. Chairman. The fact that the bank applies to Central Mortgage and Housing Corporation does not automatically imply approval on the part of Central Mortgage and Housing Corporation. However, it is a safe bet that any mortgage security which the bank refers to Central Mortgage and Housing Corporation will be accepted. That is a fairly safe assumption.

Mr. Vincent: Does that mean that any loan referred by the bank to Central Mortgage and Housing Corporation will be more or less accepted in principle?

Mr. Winters: That would be a fairly safe assumption, although it does not of necessity follow.

Mr. Vincent: A while ago I was referring to the fact that in certain regions the lending institutions and even today the banks will not favour lending. In that instance, what will be the policy of Central Mortgage and Housing Corporation in the application of the act?

Mr. Winters: It is the government's hope that, with the banks now authorized to lend under the sections of this act, the coverage will be broader than it has been. There is in addition the continuation of the old section 31A of the present National Housing Act which authorizes the government to make direct loans. Up until now Central Mortgage and Housing Corporation—acting of course on the authority of the government—has been reluctant to make direct loans in any metropolitan areas. We feel that is a field for approved lending institutions, and we would

hope that these institutions would now see fit to lend more widely in metropolitan areas.

Mr. Vincent: In case these lending institutions do not see fit to lend, does the minister think the same principle would be followed by Central Mortgage and Housing Corporation?

Mr. Winters: That would be something that we would have to assess in the light of developing conditions. We would want to see how this new arrangement works.

Clause agreed to.

On clause 7—*Insurable loans.*

Mr. Thatcher: It seems to me, Mr. Chairman, that one of the obstacles to the average Canadian's purchasing a new home is the high price involved. The average workingman simply finds that $10,000, $12,000 or $14,000 is too high a price. On the other hand, it is rather difficult for him to purchase a used home today because the sellers of used homes seem to want cash, half cash, or at least a substantial portion in cash. When he goes to the bank, under present circumstances he cannot borrow money on a mortgage on an old house. I wonder whether there would be any objection by the minister to making these new regulations apply to the purchase of used homes? Personally I think it would help to solve the problem of home ownership so far as many people in the lower income groups are concerned. For that reason I should like to move the following amendment:

That clause 7, section 1, be amended by inserting therein at the end of subparagraph (a) the following:

(iii) for the purchase of an existing residential structure.

Mr. Winters: Mr. Chairman, this of course is the sort of amendment that one would like to be able to say he accepts at once. The policy under the National Housing Act, dating back to the earliest days, has been to encourage the production of new houses in Canada. My hon. friend from Moose Jaw-Lake Centre is one of those who talk about the great backlog of housing in this country, and at the same time as recently as this evening he expressed fear that there might not be sufficient mortgage money available to take care of the construction of new accommodation. I feel at this stage we should concentrate on the construction of new housing accommodation. While saying that, may I add that the day may come when it will be feasible to add such a provision to the act, but at the moment I think our efforts should be directed to providing new accommodation. Therefore I must oppose the amendment.

Mr. Ellis: It has been pointed out by some hon. members that the new housing legislation overlooks a great percentage of low income wage earners, and it has been suggested that if houses are built at a cost of $10,000 or more the housing situation may be eased in that some people may be able to acquire houses formerly occupied by those who build new homes. The advantage of the amendment is that it would perhaps enable some people to purchase homes who are not in a position to build new homes. It would enable them to purchase homes occupied at the present time by those who will occupy new homes in the very near future.

As has been pointed out repeatedly in the house, a great percentage of the people of the country will never be able to afford to build new homes under this legislation. They have been completely ignored by the government. While I appreciate that the main purpose of the bill is to facilitate the construction of new homes, I think there is a strong case for making it possible for people to purchase used homes for perhaps $6,000 or $7,000. If people do not have the money to build new homes at the present time they are not in the position where they can pay all cash, or a good part of the purchase price in cash, for an existing house. In view of the fact that this legislation will not afford any advantages to those in the low income groups, I ask the minister to consider the amendment very seriously. I believe it may make it possible for a few more Canadians to own their own homes, and I think the minister will agree that in itself that is a most worth-while objective.

Mr. Stanton: I believe the minister and all other members of the house should give wholehearted support to the amendment. There are homes 40 or 50 years old that are sound and solid in every respect and that are possibly much better built than a new $10,000 house. These old homes are found on the outer fringes of our cities and towns throughout the dominion. Many of them are being sold at the present time for $5,000, $6,000 or $7,000. They are far more substantial and are worth more money than new homes that are being built at the present time at a cost of $10,000 or $12,000. I believe the minister should give serious consideration to accepting the amendment.

Amendment (Mr. Thatcher) negatived: Yeas, 8; nays, 79.

Mr. Pouliot: There is one class of Canadian citizens who cannot benefit from this legislation. I refer to members of parliament. I wonder whether the minister would have any objection to letting the clause

stand and discussing the matter with his colleagues, with a view to amending the Senate and House of Commons Act to permit members of both houses of parliament to take advantage of this legislation for building homes.

Mr. Fulton: I should like to ask the minister whether this is the point at which one should raise a matter about which I spoke in the debate on second reading, namely the making of the facilities of this act as fully available to smaller communities as is the case in larger centres; or would it be more appropriate to discuss that on clause 40? It seems to me that it might be done under this clause, but if it is felt that it would be more appropriate under clause 40 I would be prepared to wait until then.

Mr. Winters: I think it would be. Clause 40 is the direct loan section. I think it would perhaps be more appropriate there.

Mr. Fulton: There is no absolute prohibition against the lending institutions making loans in the smaller centres, is there?

Mr. Winters: No. We would be delighted if they would do it.

Mr. Fulton: What is the policy of the corporation with respect to urging the lending institutions to enter the field in smaller centres so they may take advantage of section 7?

Mr. Winters: Central Mortgage and Housing Corporation has made every effort to encourage the lending institutions to make their lending operations as national as possible. It is only to the extent that they did not do it that the old section 31A was finally introduced to provide that type of coverage.

Mr. Fulton: I know that doubts have been expressed whether the chartered banks would be willing to constitute all their branches as lending offices, although I understand the minister has expressed that as a hope. Is there anything in the act to prevent a chartered bank, with this new authority to advance money on mortgage loans, advancing that money for housing loans in smaller centres?

Mr. Winters: There is nothing whatever, Mr. Chairman, to prevent them from doing so.

Mr. Fulton: Has the minister any further information, or any light to throw on the remarks he made earlier to the effect that it is hoped the branches of the chartered banks will become lending offices? Has he had any further conversation with the banks which would indicate whether or not that could be done?

Mr. Winters: I based that on the traditional role of the branch bank manager, who becomes an integral part of the local community, who knows the problems and circumstances of the various people. He is more likely to be in a position to judge their ability to retire loans than perhaps the lending institution that has no local agency as close to the people.

Mr. Vincent: Earlier tonight I advocated the possibility of having the 10 per cent down payment apply on all homes, not only on those costing $8,000. I am referring to subparagraph (d) of clause 7. Would there by any possibility of the government considering this request?

Mr. Winters: Before introducing the present formula of 90 per cent of the first $8,000 and 70 per cent of the balance, all these possibilities were considered and it was decided that in the light of conditions prevailing now, the formula in this bill was the best one.

Mr. Ellis: Was the $8,000 figure set in the belief that would be the minimum figure at which a home could be built? How did you arrive at the $8,000?

Mr. Winters: It was an effort to reduce the amount of the down payment on houses generally which everybody in this house has seemed very anxious to do. I heard some doubt expressed tonight by the hon. member for Moose Jaw-Lake Centre, who said that this was contrary to his concept because it increased debt burdens. It does increase debt burdens. That is one of the things I pointed out on various occasions. It is one of the penalties a borrower must pay if he wants a lower down payment. It does, at the same time, widen the band of potential home owners, and I think that is a good thing. This, therefore, was an effort to reduce the down payment and at the same time make available the greatest amount of loans for low cost houses.

Clause agreed to.

Clause 8 agreed to.

On clause 9—*Payment by corporation upon conveyance of property.*

Mr. Fleming: On clause 9 I should like to observe that the fact there are very few points being raised with respect to the clauses of the bill is, I think, a tribute to the thoroughness with which the banking and commerce committee reviewed these clauses in detail.

There was a point, however, discussed with the minister concerning the form of clause

9, subclause (d). This clause was rewritten by one of the technical amendments introduced into the bill in committee. There is no problem about the intent with respect to the compounding of interest in case of default, but there was a serious question raised as to whether the clause, in the revised form in which it appears now in the reprint of the bill, does carry out that intent. I offered an amendment with a view to eliminating what appeared to be a difference of opinion as to whether the clause, as reprinted and amended, did give effect to the intent.

The problem arises, Mr. Chairman, in clause 9(d)(i) with respect to the meaning of the words, "for the period of such excess." The question was whether the use of the words "of such excess" limits the application of the compounding to the period following the conclusion of the first six months of default. Three lines above those words you find the expression "in excess of six months", and with the use of the expression "period of such excess" it does suggest that a proper interpretation of the section means that the compounding applies only to that portion of the arrears arising at the end of the six months, and not to the portion of arrears accruing during the first six months of the period of default.

The view expressed by Mr. Mansur in the committee was that there was no problem on the interpretation, and that the compounding will be applied in the usual manner to all arrears dating from the date of the first monthly default. Perhaps the minister is prepared to make a statement on the view taken with respect to the meaning of the expression.

Mr. Winters: I am aware there has been some question of the adequacy of the wording, but at the same time I agree with the hon. member for Eglinton that there is no question whatever as to the intention. This particular subsection was discussed at great length by the committee, and then by various individuals on the committee. I have had discussions on the same point with Mr. Fortin, who is representing the Dominion Mortgage and Investments Association, and I know his views on it as well.

It seems to be one of those points in which lawyers regard various combinations of words as expressing different meanings. After discussing this both with the law officers of Central Mortgage and Housing Corporation and with the Department of Justice I am advised that the words as now set forth in the clause in the bill are adequate. The law officers of the crown are satisfied that the clause is so worded that the approved lender will receive interest at the appropriate rates compounded in accordance with normal mortgage practice at the six months rest periods, for the full period of eighteen months, if the default period extends to this length. It is the intention of the government that this should be the case.

Mr. Cameron (Nanaimo): I was on my feet, Mr. Chairman, to raise a point on clause 8 when you rushed through 8 to clause 9 and then called on the hon. member for Eglinton on clause 9. May I revert to clause 8?

The Chairman: Is it agreed that the hon. member has permission to revert to clause 8?

Some hon. Members: Agreed.

Mr. Cameron (Nanaimo): This clause refers to co-operative housing associations. I wonder whether the minister can clarify the situation for us. He will recall that it was discussed at the final meeting of the committee, and that is one of the reasons I regret the minutes of that meeting are not here. I rather gathered from what communication I have had that there was some misunderstanding as to the position of the minister and Central Mortgage and Housing Corporation concerning this proposition. It will be recalled that a question was asked as to whether a co-operative housing association could qualify as a low rental housing project, and with some qualifications I gathered that it could do so. One qualification was that there was no technical assumption of title, and that provision could be made for the member of such an association who moved out of the low income bracket to receive his equity in order to make it available to someone still in that bracket. Could the minister give us some clarification of that position?

Mr. Winters: Yes, Mr. Chairman, this clause was discussed by the committee on the last day of the sittings, at which time I made a statement which I thought clarified the position. I said that although it was not the intention to set up a separate class of home owners who could qualify for the low rate of interest normally applying to the limited dividend section, if a co-operative could in fact qualify as a limited dividend company then it would be eligible for the low rate of interest prevailing for limited dividend operations.

There is one requirement in respect to co-operatives as set forth in clause 16 of this bill. There must be independent management of the co-operative, and that is one of the points we have been discussing with the Co-operative Union. I had quite a discussion

with Mr. Staples, the president of the Co-operative Union, this evening, and I believe he understands our position on the matter.

Mr. Zaplitny: Clause 9 contains a provision calling for the payment to the approved lender of an acquisition fee of $125. It does not seem clear how that figure is arrived at. Is it a flat amount, or is it only an estimate in order to cover all exigencies, or is it a maximum figure? Suppose, for example, the acquisition costs fall below $125. In some cases they may not amount to anything. Would the approved lender still get $125, regardless of what his costs might be?

Mr. Winters: Yes, he would.

Mr. Zaplitny: If that is so we should have some explanation of why the provision is there, because eventually it is going to come out of the taxpayers of Canada. What is the reason for guaranteeing $125 as an acquisition fee, even though the cost to the approved lender may be considerably less? If it read "not exceeding $125" we would have some protection; otherwise we have none.

Mr. Winters: This figure was evolved as the result of many conversations between the lending institutions and the Central Mortgage and Housing Corporation. There is no doubt that the average cost of getting title to a property is considerably in excess of $125. The lending institutions think this is far too little, especially if they are obliged to go through legal proceedings. There are some instances in which one would hope and expect that they would get quit claims, and then their charges would not be as great as $125. We took this as a minimum average, having regard to conditions across the country. The lending institutions believe that their average costs are more likely to be $225 than $125.

Mr. Johnston (Bow River): That refers only to the expenses of the lending institutions if they have to go to law. What about the poor home owner who may have to go to law against the mortgage companies? Does he get any compensation? It has happened before now.

Mr. Winters: There is no provision in the legislation for that. That does not happen very often.

Mr. Holowach: Would the Minister of Public Works care to make a statement relative to the period allowed for a loan to be in default? Is there any definite period allowed for that sort of thing, or is it left to the discretion of the bank?

[Mr. Winters.]

Mr. Winters: Under the provisions of the legislation the lending institutions must report to Central Mortgage and Housing Corporation if a loan is in default for a period of three months, as to principal, interest and taxes. Then it will be a matter for decision as to what action will be taken. There is a period of 18 months provided in the legislation, during which time they are required to get clear title to the property.

Clause agreed to.

Clause 10 agreed to.

On clause 11—*Investments by corporations.*

Mr. Cameron (Nanaimo): I presume this is the clause under which the government would act if it does intend to carry out such a policy as I suggested earlier this afternoon. Can the minister give us any information as to the government's real intention? Does it intend to take off the hands of the chartered banks the mortgages they have issued and assume the role of the lender, or to take them off their hands and assume the task of disposing of these mortgages otherwise? We should know what is the government's real purpose in this regard.

Mr. Winters: As I said in my second speech, which the hon. member for Nanaimo termed statesmanlike, before I became a politician—

Mr. Fulton: He is a new member.

Mr. Fleming: You will never do that again.

Mr. Winters: I said that our considerations were for the liquidity, negotiability and marketability of these mortgage documents, and we had in mind the general structure and the healthy structure of the Canadian banking system. My hon. friend made certain comments on my references to liquidity, but I would remind him that we were concerned with the broader concept. He was concerned only with the ability of the banks to borrow from the central bank whereas we, as a government, must of course be concerned with the matter of general public confidence in the banking system.

It is the hope that the banks themselves will be able to operate and provide the amount of loan money necessary for operations under this legislation and to ensure a high house building program in Canada. To the extent that the banks, for one reason or another, in the light of developing circumstances wish to use insured mortgages to obtain money from Central Mortgage and Housing Corporation, they may proceed under clause 11 (a) and (b) which are the enabling sections to provide the necessary

authority to Central Mortgage to buy insured mortgages or to lend on the security of insured mortgages as required.

Mr. Cameron (Nanaimo): I am sorry that in answering this question the minister decided to take as his model his second speech rather than his statesmanlike speech. I still do not know, and I suggest no hon. member knows, what the government really has in mind with regard to this clause. We are entitled to know in view of this fact. The banks told us before the banking and commerce committee that in the first place it is an illusion to imagine they have any large pool of available capital. In the second place, Mr. Atkinson told us that the only way the banks could possibly participate to any appreciable extent in this scheme would be if a market was developed for mortgage funds. I suggest that here there is a suggestion that the government itself is going to provide that market, and I think we are entitled to know the government's fiscal and monetary mechanisms by which they may do so.

Mr. Winters: I do recall that when Mr. Towers gave evidence before the committee he said the banks should have no difficulty in making loans of $100 million a year under this legislation. I would imagine that it was in his mind that such could be done without difficulty at all, and that a larger amount could easily be envisaged.

Mr. Fleming: He said it would not be a large sum for the banks.

Mr. Johnston (Bow River): May I have a word in regard to this section, because the minister referred to it while he was speaking this afternoon. He wanted to know if I recalled clause 11. What I was speaking of this afternoon was the possibility of the banks carrying out this housing scheme by creating more credit, and the minister suggested to me that under this section they would be able to do that. Under this section they would not be able to do it. It is true that under this section the corporation can buy back mortgages from the banks, but that would only be reimbursing them for the money they had already paid out; it would not in any way increase their cash reserves so they would be able to lend new money for the building of houses.

Clause agreed to.

On clause 12—*Regulations by governor in council.*

Mr. Knowles: Can the minister make any statement as to whether any change is to be made in the regulation which determines the minimum income that a person can have and still qualify for an N.H.A. loan?

Mr. Winters: I take it that the hon. member is referring to the 23 per cent which is normally considered to be the limit for good credit risk. If a borrower must devote more than 23 per cent of his income to the payment for his home he normally goes beyond that category. The only stipulation set forth in the Central Mortgage and Housing Corporation regulation is that when the ratio gets beyond 23 per cent the loan must be discussed by the lending institution with Central Mortgage. Up to that time the lending institution is free to act without consulting Central Mortgage as to the risk involved. There are loans made beyond the 23 per cent, depending on the circumstances, but the 23 per cent is the point at which under the regulations there must be discussions between the corporation and the lending institution.

Mr. Knowles: Does the minister say that has been the case under the act as it has stood, or is that the situation envisaged at the moment?

Mr. Winters: That has been the case. I am informed that in 27 per cent of the loans made in 1953 the ratio was greater than 23 per cent.

Mr. Knowles: When a person seeks a loan where the amount to be paid would be in excess of 23 per cent of his income, who initiates discussions with Central Mortgage and Housing Corporation, the applicant for the loan or the money-lender?

Mr. Winters: The lending institution.

Mr. Knowles: Suppose a lending institution is not prepared to initiate those discussions; has the applicant for a loan any recourse?

Mr. Winters: They are the ones who take the mortgage risk. Application is made to the lending institution, and that is the normal channel.

Mr. Knowles: My question is still valid. Has the applicant any recourse or appeal? The minister indicated that the ceiling is 23 per cent of one's income. As he knows, there are many people who have to pay an even greater percentage of their income by way of rent. It seems to me that there ought to be some way for such persons, when the lending institution turns them down, to make an appeal to Central Mortgage and Housing Corporation. Is there not some way in which that can be done?

Mr. Winters: I do not understand how one could force a lending institution to lend money on a risk they did not consider to be

good. I think that is the criterion. We are trying by these means to enable the lending institutions to lend money to encourage the production of new houses in Canada. The negotiation is between the lending institution and the borrower. The government extends its facilities to enable the lending institutions to lend money more expeditiously.

Mr. Knowles: Do I take it that despite all that has been said in the house, in the press, in the committee and in other places about this matter, for all practical purposes it still stands that nobody whose income is less than around $3,800 a year can qualify for an N.H.A. loan? If that is the case there has certainly been very little improvement.

Mr. McIlraith: I would point out to the hon. member that in Ottawa last year more than one-quarter of the loans made under this legislation were in that category.

Mr. Knowles: Does the minister or the hon. member for Ottawa West know what the situation is in other parts of the country? What is it that puts Ottawa in that special category?

Mr. McIlraith: I do not think it is a special category. That is the normal practice, for the lending companies to send in the applications and have them considered.

Mr. Hunter: May I point out that in Toronto about 17 per cent of the loans were in that category.

Mr. Knowles: It is good to have these parliamentary assistants to the minister giving us information. Perhaps somebody else can tell us what the picture is in other cities, and also for the country as a whole.

Mr. Harris: Perhaps the hon. member can give it for Winnipeg.

Mr. Knowles: I do not know. I am not a parliamentary assistant to the minister.

Mr. Ellis: In his speech the minister referred to the creditworthiness of a borrower, and I am just wondering whether a person who qualifies under this 23 per cent would be considered as a creditworthy borrower.

Mr. Winters: I do not think we can take that as a criterion. It is a matter of the lending institution determining the creditworthiness of a borrower. A man might have only 20 per cent and still have a bad credit rating, and the lending institution would not accept his mortgage loan. As I said before, the 23 per cent is simply the point at which the lending institution comes to Central Mortgage and says, "Let us discuss this and see whether we should make a loan".

[Mr. Winters.]

Mr. Knowles: The minister says that the lending institution comes to Central Mortgage, but that is done only if the lending institution decides to follow that course. So far as the individual applicant is concerned, if the lending institution says "No," I gather that he would have no recourse. I think there will be considerable disappointment that there has been no improvement in connection with this very important point over which there has been so much discussion while this matter has been before us.

Mr. MacLean: Mr. Chairman, there is some information I should like to have. I hope the minister will forgive me, as I was not a member of the committee and the information I want may have been supplied already. It occurs to me that there may be cases where the credit of the borrower is good. He may want to borrow perhaps only 75 per cent of the cost of his house, or even a smaller percentage. Is it possible that he would be informed by Central Mortgage and Housing that the lending value of his house was far below the cost and he could not be granted a loan even though he himself was considered to be a good risk? I would like to know how the lending value of a property is arrived at. Is there an element of speculation as to what the future value may be? In other words, if you have identical houses in different places would the lending value be the same? Is there some formula by which the lending value is arrived at, so that a borrower could be informed beforehand and have an idea whether it would be possible for him to build in a certain area?

Mr. Winters: Generally speaking the lending value is based on current construction costs in the area plus a 5 per cent profit. That was explained in committee. I know the hon. member was not a member of the committee, and I am pleased to have the opportunity of explaining that to him. As regards the question whether a loan could be less than the maximum prescribed under the act, the answer is that it could go down to 70 per cent of the appraised lending value of the house.

Clause agreed to.

Clauses 13 to 16 inclusive agreed to.

On clause 17—*Loans to borrowers engaged in mining, lumbering, logging, or fishing.*

Mr. MacEachen: Mr. Chairman, on clause 17, the function of which is to make loans available to operators in the mining, lumbering, logging and fishing industries, I would like to ask the minister if he would outline the considerations in committee which led to the elimination of the agricultural industry

from this particular clause. I know consideration was given to this matter in the banking and commerce committee, but the elimination is so striking that I feel some additional clarification would be helpful.

Mr. Winters: Mr. Chairman, knowing the hon. member's interest in the farming community I am very glad to be able to inform him that there is a provision for financing homes on farms under part I of the act. As to why farming was not mentioned in this particular clause, there are three reasons which occur to me, though there are perhaps others. In the first place the parent company must be an incorporated entity, and there are not many large corporations which are primarily concerned with the farming industry. Second, loans have to be secured on mortgages on the land on which the houses are to be built, and this sometimes presents difficulties because of the fact that there is often a mortgage on the land for other purposes. Third, the period of amortization has to be 15 years, and this might not be appropriate for farming purposes.

Mr. Fulton: While I do not wish to provoke a discussion on the subject I would suggest that the reasons advanced by the minister as to why agriculture could not be included under clause 17 do not apply in the case of quite a number of ranching concerns in British Columbia. I would like to know whether these concerns would be covered under the other provision he mentioned in part I. The ones I have in mind are practically all incorporated companies which have a considerable problem in providing housing for their employees, even though they own the land.

Mr. Winters: The answer is yes.

Mr. Fulton: They would be covered under that other provision?

Mr. Winters: Yes.

Mr. Cardiff: I would like to pursue that statement the minister made regarding mortgages on farm property. In towns you have nothing but the ground on which the house stands; and even supposing a farm was mortgaged, that should not prevent them from obtaining assistance of this kind.

Mr. Winters: Mr. Chairman, there is a section under part I of the bill which covers that. I am simply saying here that clause 17 applies to incorporated companies, and there are not many farms of the type my hon. friend has in mind which are incorporated companies.

Clause agreed to.

Clauses 18 to 23 inclusive agreed to.

On clause 24—*Corporation to pay losses upon terms prescribed.*

Mr. Knowles: Can the minister tell us how much activity there has been under the home improvement loans section and how much there is likely to be under the new act?

Mr. Winters: This clause, Mr. Chairman, has been proclaimed only on a regional basis. I believe there are three areas, the Fraser valley, Kamsack in Saskatchewan, and Yellowknife. The only place in which advantage was taken of the section was Yellowknife, where there have been 12 loans recently.

Mr. Knowles: Is it intended to proclaim the section in any other regions?

Mr. Winters: When the measure was before the committee I said that it might not be wise to proclaim the section at this moment when we are trying to secure the production of new houses and develop a flow of mortgage money into that channel. We hope that within the next six months or a year we will be in a better position to proclaim this section.

Clause agreed to.

Clauses 25 to 35 inclusive agreed to.

On clause 36—*Corporation may undertake projects jointly with provinces.*

Mr. Philpott: Mr. Chairman, we have heard over and over again in this committee of the whole the contention that nothing has been done under this act for people with incomes of less than $3,800. That, of course, is absolute nonsense, because one of the most important clauses in this bill has been carried over from the old act, and it provides very large sums of money indeed for the financing of low rental housing projects to be carried out between the federal government and the various provinces. Hon. members opposite who have emphasized with some vigour the necessity for large scale public works have an opportunity right in their own provinces and in their own municipalities to go ahead without further ado and promote such projects. We have the evidence of Dr. Forsey in support of this who said, speaking before the banking and commerce committee, as reported at page 338 of the evidence:

The subsidized low-rental housing provisions of the present act have not been used as widely as they should have been. This is partly the fault of the municipalities, which have to set the whole thing in motion; partly the fault of citizens who ought to have prodded the municipalities into action; partly the fault of the dominion government, which has been content to hide this particular light under a bushel, instead of setting it on a national candlestick. The government ought to have trumpeted its achievements in putting this section on the statute book four years ago, and ought to have encouraged people all over the country to take advantage of it. Instead, it has been strangely reticent about one of the things it should have been proudest of.

Therefore, if that strong contingent from Saskatchewan wishes to get money for low rental housing projects all it has to do is get busy. The hon. member for Bow River talked a great deal about the wonderful revolving fund in Alberta. All he has to do to get the merry-go-round going around is to get busy and get hold of some of this $50 million.

Mr. Knowles: Ten o'clock, Mr. Chairman.

Mr. Winters: Mr. Chairman, in the light of the urgency of having this legislation passed; in view of the speed we have been making and the relatively few clauses still remaining, I wonder if hon. members would be prepared to sit a few minutes after ten in order to complete this bill.

Mr. Knowles: Mr. Chairman, the banks are not open tomorrow. There is not that much hurry.

The Chairman: Is it the unanimous wish of the committee that we sit after ten o'clock?

Mr. Knowles: No.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, in view of the relatively few sections of this bill left to be dealt with, I would suggest that on Monday we take it first, followed by the Bank Act.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, March 8, 1954

The house met at 2.30 p.m.

ROYAL CANADIAN NAVY

NEW PLAN FOR PROCUREMENT AND TRAINING OF JUNIOR OFFICERS

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I think hon. members will be interested to learn that approval has been given for the immediate implementation of a new plan for the procurement and training of junior officers for the Royal Canadian Navy. Entitled the "Venture Plan", it offers a seven-year short service appointment to young men between 16 and 19 years of age possessing the necessary qualifications, including junior matriculation or the equivalent. Cadets who show a desire to make the navy their career may later obtain permanent commissions if they have the necessary qualifications. The plan has been devised to meet the continuing demand for officers for the Royal Canadian Navy. It does not replace any existing officers' entry plan, but is a supplement to them.

[*Later:*]

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the Minister of National Defence arising out of the statement which he made in the house this afternoon. What is the degree of shortage of officers for the Royal Canadian Navy which has made it desirable to introduce this new plan for training naval cadets? Will this plan require a new establishment?

Mr. Claxton: Mr. Speaker, I have not the figures for the difference between the establishment and the present strength for officers of the navy, but it is quite a manageable figure and I will send it to the hon. member. This plan requires no new establishment.

BRITISH NORTH AMERICA ACT

AMENDMENT WITH RESPECT TO TENURE OF PLACE IN SENATE

Mr. F. S. Follwell (Hastings South) moved for leave to introduce Bill No. 354, to amend the British North America Acts, 1867 to 1952, with respect to the tenure of place in the Senate.

83276—174½

Some hon. Members: Explain.

Mr. Follwell: I have always believed that the Senate should be reformed and this bill, if accepted by parliament, will bring about a measure of reform by amending the British North America Act so that senators will retire at the age of 75 years. This would bring them in line with judges who retire at the same age. When they get the bill hon. members will find that the second amendment which I propose will not apply to any person summoned to the Senate before the coming into force of the act.

Mr. Knowles: Why spoil it?

Motion agreed to and bill read the first time.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 340, respecting Canadian Nurses' Association.—Mr. Stick.

QUESTIONS

GRAIN—DIVERSION CHARGE

Mr. Dinsdale:

1. What is the diversion charge made on grain moving through Port Churchill?
2. What is the reason for this charge?
3. Who pays the charge and who collects it?
4. When did it first go into effect?
5. How much has it amounted to for each year since it went into operation?
6. Does the diversion charge have any effect on the price differential on grain sold through Port Churchill and grain sold through the head of the lakes?

Mr. Howe (Port Arthur):

1. 1½ cents per bushel.

2. Revenue in lieu of terminal earnings.

3. The Canadian wheat board pays the diversion charge on wheat which it orders shipped to Churchill. The diversion charge is paid to the elevator company originating the shipment.

4. The diversion charge predates the operations of the Canadian wheat board and probably goes back to the first shipments to the port in 1931-32.

5. The board has only paid the diversion charge in crop years when wheat was shipped from Churchill subsequent to date (September 27, 1943) when the board became the

Questions

sole agency to receive and market wheat. No wheat was shipped from Churchill between August 1, 1940 and July 31, 1946.

1946-47 1947-48	No separate record in board accounts for Churchill diversion charges paid
1948-49	$ 83,041.37
1949-50	104,526.01
1950-51	100,219.90
1951-52	111,796.95
1952-53	123,862.11

6. Not under present circumstances.

FRASERVIEW HOUSING PROJECTS

Mr. Diefenbaker:

1. Have any contracts been awarded since the 1st day of January, 1951, by Central Mortgage and Housing Corporation for the construction of houses etc., to the Vancouver Associated Contractors Limited for a project known as Fraserview housing projects?

2. If so, what is the total amount of all such contracts?

3. How much has been paid to date to the said company and how much is still due and owing?

4. Did the corporation before making payment or payments under the said contracts to the said Vancouver Associated Contractors Limited require proof that subcontractors of the said company had been paid?

5. What is the amount, if any, which the records of the Central Mortgage and Housing Corporation indicate said company is owing to such subcontractors?

6. Does the Central Mortgage and Housing Corporation, as a regular procedure before making payment to contractors, require proof that subcontractors or suppliers of material have been paid? If not, why is such course not followed?

Mr. Bourget:

1. Contracts were awarded to Vancouver Associated Contractors Limited for the Fraserview housing project, as follows:

Contract awarded	Number of units	Contract price
January 10, 1952	66	$507,706.26
February 13, 1952	62	473,232.52
June 12, 1952	91	713,699.96

2. Total amount of contracts, $1,694,638.74.

3. $1,522,596.18 had been paid to the contractor as at February 16, 1954. At that date $88,988.20 was still due and owing on account of the contract and $56,724.56 on account of security deposit and interest thereon, making a total of $145,712.76.

4. Statutory declarations by the contractor were obtained in the usual manner to the effect that accounts of subcontractors were paid.

5. The corporation does not receive statements nor maintain records of amounts owing from time to time to subcontractors by its prime contractors save as mentioned in answer No. 6. In this case the corporation has been verbally advised by the Canadian Credit Men's Trust Association, who represent the contractor and the creditors, that the contractor's over-all debts are approximately $337,000.

6. All construction contracts with Central Mortgage and Housing Corporation provide "before making any payment on any progress or final estimate, the corporation may require the contractor to furnish evidence as may be satisfactory to the engineer that all work performed and materials supplied and all structures built for which payment is being made are free and clear from all lawful claims or liens under any law for labour, workmanship, materials or otherwise." The evidence required is a statutory declaration by or on behalf of the contractor that he has paid all accounts for work included in progress claims up to and including the last one paid. Before final payment, the declaration is to the effect that all such claims have been paid. This evidence is required from all contractors. In addition, on all contracts where the holdback is calculated on a maximum of $250 per housing unit rather than the usual 10 per cent of progress payments, the subcontractors and principal suppliers of material furnish to the prime contractor signed forms to support each of his progress claims. These forms do not specify amounts but they contain an acknowledgment of payment in full for all work done or materials supplied up to and including the date of the prime contractor's last progress claim. The Vancouver Associated Contractors Limited were operating under this holdback arrangement and the required forms were furnished by the subcontractors and suppliers of material.

CHETICAMP, N.S., MARINE SLIP

Mr. Nowlan:

For each of the calendar years 1951, 1952 and 1953, what has been the total amount of money spent on the marine slip at Cheticamp, Inverness county, Nova Scotia, for (a) construction; (b) repairs; (c) maintenance?

Mr. Bourget:

	(a) Construction	(b) and (c) Repairs and Maintenance
1951	$2,177.45	$ Nil
1952	Nil	1,400.13
1953	Nil	796.76

KIPLING, SASK., PUBLIC BUILDING

Mr. McCullough (Moose Mountain):

1. What was the cost of the surveys or survey taken by the Department of Public Works in the village of Kipling, during 1953 for a public building site?

Questions

2. What type of public building was proposed to be constructed on this site?
3. What portion of the $75,000 voted for a public building in Kipling, Saskatchewan, was spent during 1953-54?

Mr. Bourget:

1. $300.
2. No decision made.
3. To date, $300 for survey work.

BOARD OF TRANSPORT COMMISSIONERS

Mr. MacInnis:

1. Who is the present chairman of the board of transport commissioners?
2. When was he appointed?
3. What salary is he paid?
4. When did he receive the last increase in salary and what was the amount of such increase?
5. Who are the other members of the board of transport commissioners?
6. When were they appointed?
7. What salaries do they receive?
8. When did they receive the last increase in salaries and what was the amount of that increase?

Mr. Chevrier:

1. Mr. Justice J. D. Kearney.
2. November 1, 1951.
3. Salary equal to the salary of the president of the exchequer court—$16,000.
4. January 1, 1952—$1,000.

5.	6.	7.	8.
Hugh Wardrope—			
Assistant chief commissioner	8 Nov. 1938	$14,000	$2,000—1 Jan. 1952
A. Sylvestre—			
Deputy chief commissioner	18 Apr. 1945	13,000	3,000—1 Jan. 1952
F. M. MacPherson—			
Commissioner	21 Sept. 1939	12,000	2,000—1 Jan. 1952
H. B. Chase—			
Commissioner	27 July 1948	12,000	2,000—1 Jan. 1952
O. A. Matthews—			
Commissioner	1 Jan. 1953	12,000	- -

SECURITY SCREENING—GUILT BY ASSOCIATION

Mr. Fulton:

In arriving at their recommendations or decisions in security matters affecting individual government employees, do the security panel and/or the security officers of the various government departments and agencies concerned reject any conclusion based on the principle of guilt by association?

Mr. Howe (Port Arthur): In reaching a decision as to whether a person should be given access to secret information, there is no question of guilt or innocence. The Prime Minister stated in this connection in the House of Commons on December 3, 1951:

> The question at issue is not guilt or innocence of some particular charge. The sole question is whether a certain person can or cannot be entrusted with secret defence material. It would give a completely false atmosphere to the matter if it were assumed that reliability can somehow be put beyond doubt by meeting formal charges—or indeed, that reliability cannot be brought into doubt except on the basis of formal charges. Assessment of character may be the only consideration in some instances. That is not a matter of charges, or of trial or of proof. It is a matter of judgment.

These words were spoken by the Prime Minister in referring to security measures in industries engaged in defence production. They apply with equal force in the public service. Because a person is known to associate with communists does not establish that that person is a communist, nor is that assumed by those in charge of departments. However, in determining whether a person is or is not suitable for employment in a particular job, a review is made not only of that person's professional qualifications and character but also, where access to secrets is involved, of all the available information bearing upon his reliability and the degree of confidence in which he can be held. If such a review establishes a history of communist associations, it is not assumed that that person is or is not a communist, but it may be decided that there is too much risk involved in allowing a person with such a background to have access to important secret information.

Because it is important to prevent any implication of guilt from attaching to these cases, such transfers and dismissals are dealt with in the same way as other transfers and dismissals, which is only proper since they are all subject essentially to the same criterion: does a given person possess all the qualifications required to fill a given position satisfactorily. The concept of guilt or innocence has no place in this process. The government, as an employer, is not a tribunal nor does it dictate to individuals what they must or must not think or with whom they may or may not associate; but, like any other employer, the government makes every effort to ensure that its employees are properly qualified for the work they have to do—and such qualifications must in some cases include a high standard of reliability.

Questions

WHEAT—SELLING PRICE

Mr. Argue:

1. Has the 7 cents per bushel drop in the price of wheat at Fort William-Port Arthur resulted in any reduction in the wheat board selling price at such marketing points as Winnipeg, Brandon, Regina, Moose Jaw, Saskatoon, Swift Current, Calgary or Edmonton?

2. If so, what is the reduction per bushel at each point?

Mr. Howe (Port Arthur):

1. Yes.

2. At each of these points the wheat board selling price for No. 1 northern has followed the price in store Fort William/Port Arthur.

FOOD AND DRUGS—IMPORTED CANNED CHICKEN

Mr. MacLean:

1. Has the Department of National Health and Welfare, in the administration of the Food and Drugs Act, examined canned chicken imported from the United States into the maritime provinces, during the last four months?

2. If so, was such canned chicken found to comply with the regulation of the Food and Drugs Act and, if not, in what way did it not conform and what action has been taken to prevent recurrence?

Mr. Robertson:

1. Yes.

2. Two shipments of a brand of canned chicken not previously imported from the United States did not comply with the regulations under the Food and Drugs Act. The product was not properly labelled and the contents of some of the cans examined did not meet the food and drug standard in that they contained some bones and skin.

The manufacturers in the United States have been informed that no further shipments of their canned chicken will be allowed entry into Canada unless the product meets all requirements of the Food and Drugs Act and regulations.

CENTRAL MORTGAGE AND HOUSING—SUBCONTRACTORS

Mr. Nowlan:

1. In the calendar years (a) 1952; (b) 1953, did subcontractors notify Central Mortgage and Housing Corporation of claims outstanding against contractors engaged in construction for or on behalf of the said corporation?

2. If so, on how many occasions in each of the said years?

3. In how many of such instances did the subcontractors accept a compromise settlement of their claims?

4. According to the files or information of the officials of Central Mortgage and Housing Corporation, what was the total amount of loss of subcontractors in each of such cases where compromise was effected?

5. At the time of awarding any contracts in (1) above, did the corporation have information indicating that on previous occasions any such contractor had had difficulties in making payment to subcontractors?

[Mr. Howe (Port Arthur).]

6. Have any contractors included in (1) above subsequently been awarded further or other contracts or been engaged to perform services for or on behalf of the corporation?

Mr. Winters: This question in its present form involves the checking of every construction contract correspondence file held by the corporation in respect to all work under way. Because there is no privity of contract between Central Mortgage and the subcontractors, no record of moneys owing to subcontractors is kept by Central Mortgage.

I understand from a conversation I have had with the hon. member that he is interested in circumstances surrounding general contractors and subcontractors where financial difficulties have occurred. If he is agreeable to having the question answered accordingly, I shall be happy to do so at an early date.*

Mr. Nowlan: The minister telephoned me with respect to this matter and I am prepared to accept the answer as suggested by him.

Mr. Speaker: Answered.

SECURITY SCREENING—COMMUNICATION TO INDIVIDUAL

Mr. Fulton:

When a decision has been arrived at to release or transfer a government employee for security reasons, does the individual concerned in each case have an opportunity of learning the nature of the allegations or suspicions against him before being transferred or dismissed?

Mr. Howe (Port Arthur): Under normal circumstances the information obtained about a person as a result of a security screening—and any consequent doubts as to the advisability of allowing him access to his country's secrets—are not discussed with a person who, as a result, may be subject to transfer or dismissal. There are cases where the circumstances do permit this to be done. Where a useful purpose could be served, and where security considerations permit, it is done, and an exception is made to normal practice.

The main security considerations necessitating this procedure were given in December, 1951, by the Prime Minister when he spoke in the House of Commons about a security case in defence industry. He said: "There is a further consideration of an entirely different order that is also relevant. It is that hearings could and probably would compromise our general security precautions. Some of the people about whose access to secret material we have to be most concerned operate in the interests of an organization that is skilfully and tightly bound together. This organization acts with a ruthlessness and a readiness to sacrifice its own followers, which we find it almost impossible to appreciate. It is only

**See also page 3290.*

by careful, long continued and patient work that means have been established by our police forces of getting information about the operations of this organization. The organization would be more than ready to precipitate hearings involving their own followers, even if it meant the personal ruin of those individuals, if the hearings would lay bare the sources of information that the police have established. If hearings were held, the information as to the background or other considerations causing doubt about an individual would have to be revealed. I do not see how a "hearing" could be regarded as serving any purpose if they were not. More than that, it would be argued that the validity of such information or the grounds for doubt could not be assessed nor could any "charges" be properly refuted unless the kind and sources of information were disclosed, the informants questioned, and so forth. If that were done in even two or three instances, they might be sufficient to nullify, in very short order, such security defences as we have been able to build up after years of painstaking effort. The well-organized opponents of our way of life would be more than ready to sacrifice a good many of their supporters to gain the kind of information that hearings would inevitably reveal."

It follows logically that doubts or suspicions of a person's fitness to know his country's secrets cannot be conveyed to him if, in the public interest, the information which gives rise to those doubts must be withheld. There are cases where, for instance, human weaknesses are the cause for doubt of a person's reliability and in a number of these cases neither the information nor the source of the information may need protection. But in many such cases telling a person about these weaknesses will neither correct them nor remove the doubts which they cause. In the few cases where a purpose might be served and where it could be done safely, security officials are prepared to discuss the matter with the individual in question. But these few individual cases could not justify the application of such a procedure to security decisions in general.

A person who is denied access to secret information has been so treated because in the careful and considered opinion of reasonable men there is doubt as to his reliability. This is a matter of judgment. The Prime Minister spoke of this in his speech in December, 1951, and what he said with regard to defence industry then applies equally to the public service. He said on that occasion: "...we are not in the realm of what have come to be called "human rights" and "fundamental freedoms". There is no human right or fundamental freedom involved. No person has a right of access to secret defence items and no man's freedom is infringed when he is denied such access".

The fact that under our present security system a person may have no knowledge of the reasons why he has been dismissed from or transferred within the public service as a result of a security screening places a very grave and unpleasant responsibility upon the government. The Prime Minister expressed the government's views about it in this way:

This means, of course, that the responsibility of the government is the greater to see that every case is carefully assessed and that no decisions as to the reliability of an individual are lightly taken. They are not lightly taken. Moreover, the cases can always be re-examined and the government will have no reluctance about reversing an original decision if further review suggests that it can safely be reversed. This whole matter is, however, distorted and seen in a false light, if it is confused with loyalty and thought of in terms of specific, provable or disprovable charges. You can doubt the reliability of a man for the security of some vital defence matter without considering him to be disloyal. You can continue to doubt no matter how much he argues or protests. The problem that is thrust on the government of assessing the reliability of employees in defence industries, and occasionally of deciding in some cases that reliability is uncertain, is not a pleasant one. In the present state of things it is, however, an unavoidable one. It is the government itself which is and must be answerable for the security of our defence secrets. The government is, however, fully aware of the importance of ensuring in so far as possible that no injury is done to any individual through the decisions that must be taken. Security procedures are constantly under review and if they can be improved, the government will always be ready to make the improvements and will always welcome and seriously consider constructive suggestions to that end.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEFENCE ESTABLISHMENTS—FIRES

Mr. Diefenbaker:

1. How many fires have occurred in defence establishments since January, 1952?

2. Where did such fires occur and what was the amount of damages in each respective location?

FEDERAL UNIVERSITY GRANT, MANITOBA

Mr. Dinsdale:

1. How much is the federal university grant to the province of Manitoba?

2. How is this grant distributed among the following institutions: (a) University of Manitoba; (b) Brandon College; (c) St. John's College; (d) St. Paul's College; (e) United College?

3. Is federal financial assistance provided for any other educational institutions in Manitoba?

4. If so, what are these institutions and how much do they receive?

5. Is there a federal grant for adult education activities in the various provinces?

6. If so, (a) to what educational institutions in Manitoba are these grants paid; (b) what are the amounts of such grants in Manitoba; (c) what is the basis of payment of such federal grants for adult education?

POST OFFICE—MAIL BOXES AND TRUCKS

Mr. Diefenbaker:

1. How many mail or pillar boxes, by provinces, has the Post Office Department in use?
2. Of these, by provinces, how many of said mail or pillar boxes have the words "Royal Mail" or "Poste Royale" affixed, printed or lettered thereon?
3. Have many mail trucks, carriers, automobiles or other vehicles are operated by or for the department of the Postmaster General?
4. How many of such mail trucks, etc., have the words "Royal Mail" or "Poste Royale" affixed, printed or lettered thereon?

INCOME TAX ON INDIANS

Mr. Diefenbaker:

1. Are Indians residing on reserves being taxed on incomes?
2. If so, have protests against such taxation been received from Indian organizations?
3. Upon what legal basis is such taxation being levied?

POTATOES, IMPORTS AND EXPORTS

Mr. Kickham:

1. How many bushels of seed and table potatoes have been exported from Canada to the United States, during the past five years?
2. What was the total value of the exports in each case?
3. What is the total quantity, in bushels, of seed and table potatoes permitted to enter the United States under the reduced duty quota?
4. How many bushels of seed and table potatoes have been imported from the United States during the past five years?
5. What is the total value of each?
6. What months in the year are potatoes allowed to enter Canada duty free?
7. What is the duty imposed on American potatoes, both seed and table stock, for the remainder of the year?

SURPLUS AGRICULTURAL PRODUCTS—RESEARCH

Mr. Argue:

1. Has research been undertaken during the last two years into new industrial uses for (a) surplus wheat; (b) any other agricultural products?
2. If so, what is the nature of each such research undertaking and what were the findings in each case?
3. What research projects in this field are presently in progress and what is the nature of each project?

EXTERNAL AFFAIRS

RECOGNITION OF RED CHINA—GOVERNMENT POLICY

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Acting Prime Minister. Does the statement of the Prime Minister yesterday, that the communist government of China must sooner or later be recognized, now represent settled government policy?

[Mr. Dinsdale.]

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, I believe the Secretary of State for External Affairs (Mr. Pearson) has some information and I will ask him to reply.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, we have been attempting to get confirmation of the report in question and until we receive the actual text of what the Prime Minister said I believe it would be unwise to make any further observations. I can however say this. The press report of the statement, as my hon. friend knows, reads:

> We have got to be realistic. Sooner or later we would be bound to recognize the government that the people want.

That is a press quotation from the Prime Minister's statement in respect of the recognition of the communist government of China. In that connection, Mr. Speaker, the Prime Minister said almost exactly the same thing in Ottawa on June 12, 1953, when he spoke on the same subject. He said then:

> We have got to be realistic on such problems and be prepared to deal with those who represent the nation over which they exercise authority.

Mr. Drew: Mr. Speaker, I am directing this question to the Secretary of State for External Affairs because there is a very marked difference between the two statements. Does the Secretary of State for External Affairs believe that the people of China have had any opportunity to indicate whether they do or do not want the present government?

Mr. Speaker: The hon. member for Cape Breton South (Mr. Gillis).

Mr. Drew: Mr. Speaker, I have directed an appropriate question to the Secretary of State for External Affairs.

Mr. Pearson: Mr. Speaker, my views on that matter are probably the same as those of the hon. gentleman.

Mr. Drew: That is no answer.

Mr. Rowe: It is obvious the minister cannot answer that question.

INTER-AMERICAN ASSOCIATION—QUESTION AS TO CANADIAN MEMBERSHIP

On the orders of the day:

Mr. Paul E. Gagnon (Chicoutimi): I should like to address a question to the Secretary of State for External Affairs. Would the minister care to say whether Canada has any intention of becoming a member of the inter-American association?

Hon. L. B. Pearson (Secretary of State for External Affairs): In reply to that question I can only say that the necessity for making such a decision has not arisen because we have not received such an invitation.

PUBLIC WORKS

ALLEGED USE OF GERMAN STEEL ON FEDERAL PROJECT

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Has his attention been drawn to a recent press dispatch to the effect that German steel is being imported into Nova Scotia to be used on a federal government project?

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, the hon. member was kind enough to indicate that he intended to ask this question designed to find out what we know about this steel and whether or not it was intended to use it in the construction of the proposed ferry terminal at Yarmouth. Tenders have not yet been asked for in respect to this construction, and we have no knowledge of any such shipment of steel for that purpose.

GRAIN

WHEAT AND BARLEY—PROPOSED GIFT BY UNITED STATES TO JAPAN

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I would like to direct a question to the Minister of Trade and Commerce. Would the minister comment on a morning press dispatch to the effect that an agreement has been arrived at whereby the United States will make a gift of 500,000 tons of wheat and 100,000 tons of barley to Japan? Does this mean the loss of our second best wheat customer and our best barley customer?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I heard two announcements on the radio this morning. The first announcement mentioned 500,000 tons of wheat and 100,000 tons of barley, and the second announcement mentioned 250,000 tons of wheat and 100,000 tons of barley. I asked our people to get in touch with Washington for confirmation or otherwise. Inquiries were made at the state department and also at the Department of Agriculture, and neither agency would confirm that any such arrangement has been made. I will say, however, that steps have been taken to safeguard the position of Canadian wheat and barley in the Japanese market for the next two years.

TRANSPORTATION

ARROW LAKES—WITHDRAWAL OF STEAMER SERVICE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I would like to direct a question to the Minister of Transport. I may say, if he will forgive a personal reference, that my doctors have told me I must keep cool, calm and collected, but some news I have received from my constituency has rather disturbed my normal composure. I trust the minister's answer will restore my circulatory equilibrium.

In view of the announcement by officials of the Canadian Pacific Railway that the company will withdraw all steamer service on the Arrow lakes on April 24 this year, and, in view of the serious loss and inconvenience this will cause residents of the Arrow lakes, will the minister have the present situation investigated to see if the service can be maintained until other means of transportation are available?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I have great concern for my hon. friend's health and I wish my answer might assure him perfect health in future. However, I am afraid I cannot go that far. My hon. friend sent me a copy of the question which he intimated he intended to ask and I received it only a few moments ago. I have had an opportunity, however, to look into the position during that time. I am impressed by the question which reads as follows:

> Will the minister have the present situation investigated to see if the service can be maintained until other means of transportation are available?

The only manner in which this service could be carried on would be by means of a subsidy. That is the only method which occurs to me at the moment, though there might be others. The government gave careful consideration to a subsidy in favour of the Canadian Pacific Railway in the amount of $60,000 some time ago and I am sorry to report it decided against it.

Inquiries of the Ministry

CANCER

RESEARCH INTO RELATION BETWEEN SMOKING AND LUNG CANCER

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. In view of news reports over the week end, will the minister make a further statement in reply to my question of about a month ago as to what the federal government is prepared to do in the matter of research into the relation between cigarette smoking and lung cancer?

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, when my hon. friend asked this question a few weeks ago I deliberately refrained from making a statement at that time because of the great importance of this subject. As the house knows, the Canadian cancer institute is the agency in Canada through which cancer research is directed, and through which moneys provided by the federal government in the field of cancer research are allocated. The Canadian cancer institute came into being as the result of an idea proposed by my colleague the Minister of National Defence (Mr. Claxton), then minister of national health and welfare.

A few weeks ago the officers of my department reviewed with the institute those research projects relating directly or indirectly to cancer of the lung, with special reference to the effects of tobacco and its products.

More recently I conferred with the director and certain officers of the institute regarding this matter. A liaison has been effected with research groups in the United States and in the United Kingdom through Dr. Hartcroft of the department of medical research of the University of Toronto who attended a meeting for this purpose a few days ago in the United States. Following the discussions I had with these officials of the cancer institute, I took occasion to suggest that the tobacco industry might be disposed to provide unconditional grants in addition to those provided by federal and provincial governments for research in lung cancer.

This suggestion has been unreservedly accepted by the industry and the president of the national cancer institute will announce some time today that the institute has received a donation of $100,000 from the Canadian tobacco industry for the support of such research. This fund will be administered at the discretion of the board of directors of the institute which, with the assistance of their research advisers, is preparing an appropriate plan to encourage further investigation into this form of cancer.

Any grants made from this fund, or from the fund through which federal assistance has been given, will come under the same regulations as any grant in aid of research awarded by the national cancer institute of Canada. It is deemed desirable that I should add that the research program of the national cancer institute embraces a number of projects relating directly or indirectly to cancer of the lung. In addition to certain projects now under way new projects are under consideration at the moment specifically related to the effects of tobacco and its products on the lung and air passages. The statistical officer of the institute has been working on the problem of lung cancer for some time. He has the full co-operation and assistance of the vital statistics branch of the dominion bureau of statistics and of the principal treatment centres of Canada. He has already been of assistance to the department's Indian health services and is working closely with the Department of Veterans Affairs.

So far the clinical and statistical approach to the investigation of cancer is considered to be important. Possibly the largest group of people on whom there are very carefully kept records is the veterans group coming within the field of special interest of my colleague the Minister of Veterans Affairs (Mr. Lapointe). Officers of my department and of the Department of Veterans Affairs have been in consultation regarding cancer in general but more especially primary cancer of the lung. It is agreed by the experts that every effort should be made to derive all the information possible on this subject from the Department of Veterans Affairs records. The records of deaths from cancer to date are being searched for any indication which might help solve some of these problems. Furthermore, the system of recording will be reviewed for the purpose of ensuring that future compilations of statistics will include the necessary data on smoking habits.

PUBLIC SERVICE

CLEANING STAFFS AT WINNIPEG—SUMMER HOLIDAY SCHEDULE

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Minister of Public Works. What steps are being taken to ensure that members of the cleaning staffs in Winnipeg federal offices will not be required to double up on their duties as a result of summer holiday schedules?

Hon. Robert H. Winters (Minister of Public Works): For the male cleaning staff it has been the custom to provide two additional employees as holiday relief, and that custom will be continued. The question of holiday relief for the female cleaning staff is under consideration.

FISHERIES

UNIFORM SALMON FISHING REGULATIONS—PROPOSALS TO CERTAIN PROVINCES

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I should like to ask the Minister of Fisheries a question. When can we expect a statement about the recent proposals made to the governments of the Atlantic provinces and Quebec concerning uniform salmon fishing regulations?

Hon. James Sinclair (Minister of Fisheries): We had a conference up here with the provincial authorities concerned. As a result of that conference certain recommendations were made which have been taken up by the provincial governments concerned. When they have dealt with them, we will have a second conference and announce what agreement has been reached between the federal and provincial authorities.

CANADIAN NATIONAL RAILWAYS

CANCELLATION OF COAL ORDER—DRUMMOND COLLIERY

On the orders of the day:

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, on Friday last the hon. member for Pictou (Mr. McCulloch) asked a question relating to the supply of coal by the Drummond Coal Company at Westville, Nova Scotia, to the Canadian National Railways. That question was fully answered on February 25 by the Minister of Transport (Mr. Chevrier) in answer to a question asked by the hon. member for Cape Breton South (Mr. Gillis), as recorded at page 2427 of *Hansard*.

DISABLED PERSONS

INQUIRY AS TO INTRODUCTION OF LEGISLATION TO PROVIDE PENSIONS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I wish to direct a question to the Minister of National Health and Welfare. Can the minister give an approximate date at which he may be prepared to bring in legislation dealing with pensions for disabled persons?

Hon. Paul Martin (Minister of National Health and Welfare): I am sure the hon. member will appreciate the fact that I cannot give a precise date, but it will be this session.

INQUIRIES FOR RETURNS

NATIONAL HEALTH INSURANCE—HAROLD C. BANKS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): May I ask either the Secretary of State or the Minister of National Health and Welfare whether the house may expect soon the tabling of a return having to do with questions of mine relating to health insurance? The order of the house was passed on January 25 of this year.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I am sure the Minister of National Health and Welfare is not guilty of delay and I am sure my colleague's department is not guilty of delay, so we shall have to confer in the matter.

Mrs. Ellen L. Fairclough (Hamilton West): I should like to direct a question to the Acting Prime Minister. Can he tell me when I may expect an answer to questions which I placed on the order paper with reference to Harold C. Banks, for which a return was ordered on February 25?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the question related to a considerable extent to the department over which I have the honour to preside at the moment. We have completed our inquiries and I think the return will be available later this week.

FRED ROSE

REPORTED RUMOURS OF RETURN TO CANADA

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): I should like to direct a question to the Minister of Justice. I regret that I did not have time to give him notice of it. Is the minister aware that in Montreal rumours are persistent regarding the re-entry of Fred Rose into Canada?

Hon. Stuart S. Garson (Minister of Justice): The answer is no.

NATIONAL HOUSING ACT

SUBSTITUTION OF NEW LEGISLATION TO INSURE APPROVED LENDERS, ETC.

The house resumed, from Friday, March 5, consideration in committee of Bill No. 102, to promote the construction of new houses, the

repair and modernization of existing houses, and the improvement of housing and building conditions—Mr. Winters—Mr. Robinson (Simcoe East) in the chair.

On clause 36—*Federal-provincial projects.*

The Chairman: When the committee rose at its previous sitting, we were discussing clause 36. Shall the clause carry?

Mr. Fraser (St. John's East): Mr. Chairman, I rise to support the views expressed by the hon. member for Vancouver South last Friday just prior to the time of adjournment. Like the hon. member, I believe that this clause contains some valuable features of Bill 102. As hon. members know, clause 36 reproduces section 35 of the present act. I believe that section has great possibilities. In order to illustrate, I should like to show what has been done at St. John's, Newfoundland, under section 35 of the present act. I turn to pages 28 and 29 of the minutes of the committee on banking and commerce, table "A". There I find that out of a total of 1,712 federal-provincial projects of land assembly completed throughout the whole of Canada in the four years since the inception of the scheme, no fewer than 594 have been completed at St. John's, Newfoundland. That is more than one-third of the total for the whole country. At the same place in the minutes of proceedings and evidence of the banking and commerce committee we find that out of a total of 1,832 federal-provincial low rental housing units completed in the whole of Canada during the same four-year period, no fewer than 392 have been completed at St. John's, Newfoundland, more than 20 per cent of the total for the entire country.

The population of St. John's is a good deal less than one per cent of the aggregate population of all the incorporated cities, towns and villages in Canada. Four hundred federal-provincial low rental housing units have been completed in four years at St. John's, Newfoundland, and if a similar proportionate total had been achieved in the other municipalities 40,000 new low rental housing units would have been created under section 35 in four years. That, I submit, would be a not inconsiderable addition to the housing accommodation for those in low income brackets throughout this country.

There are two further points in connection with the experience in St. John's. First of all, I should like to point out that the scheme there has worked out very well. We have the testimony of Mr. Mansur, the president of Central Mortgage and Housing Corporation, for that. I turn now to page 124 of the minutes of proceedings and evidence of the banking and commerce committee where Mr. Mansur describes the scheme at St. John's as highly successful and says:

> I believe that the experience in St. John's has been excellent and it has fulfilled our highest expectations.

The second point is that, so far as the experience of St. John's at any rate is concerned, there need be no conflict between the construction of low rental housing and the expansion of home ownership and of economic rental housing. There has been an addition of at least one-third to the total housing units in St. John's over the past ten years and that, I submit, is a rate of growth little short of phenomenal in a city so venerable as St. John's, for ten years is but a brief period in the history of that city. Therefore may I say that I believe clause 36 of the bill provides a basis for a most fruitful partnership between federal, provincial and municipal authorities, and I trust that the municipalities and provinces throughout Canada will take full advantage of the generous offer of 75 per cent participation made by the federal government through Central Mortgage and Housing Corporation under this plan. We can see what can be done, and I hope that it will be done in the future.

Mr. Knowles: Mr. Chairman, I am very glad that the hon. member for St. John's East has placed on record his tribute as to what can be done in the matter of building low rental housing under the provisions of section 35 of the act as it now stands or clause 36 of the bill now before us. I must point out, however, that there are one or two shortcomings so far as this part of the legislation is concerned. In the main the difficulty is that it is possible for a provincial government which is not prepared to accept its full responsibility under this clause to shelve a part of that responsibility by trying to pass it on to a local municipality. When that happens, as it happened in my own city of Winnipeg last year, you come up against a very difficult situation. In Manitoba, as the minister and others know, the provincial government refused to put up the 25 per cent of the cost of a federal-provincial project for my city but contended rather that half of the provincial portion would have to be put up by the city of Winnipeg.

That made it necessary for a bylaw to be placed on the ballot at the last civic election, and according to the city charter that bylaw could be voted upon only by property holders in the city of Winnipeg. To the credit of the people of Winnipeg, there was a very large vote in favour of the bylaw but by no

means sufficient to carry it. When one realizes that the only people allowed to vote on the question were those who already owned property one realizes the significance of a fairly sizeable vote. But the plain fact of the matter is that if you have a provision in the act making it possible for a portion of the cost of a low rental housing project to be levied against existing real property in the form of a real estate tax you run up against a very real barrier.

In my view a provision such as this will only work if the provincial government accepts its share of the responsibility as set out in the act. If you have provincial governments that feel they cannot put up their 25 per cent, or that simply refuse to do so, that raises the question whether the federal government's proportion should not be increased. I believe that it should. I would say that you could separate the two elements referred to in subclause 2 of clause 36, namely, the capital cost and the profits or losses. I would say it is perfectly all right to expect a province to bear 25 per cent of the losses on any such project and that it is financially possible for a province to do that, but it is a different story for a province to find the amount of money involved in 25 per cent of the capital cost.

It looks very nice on paper. It looks as though the federal government is being generous in offering to put up 75 per cent as against 25 per cent on the part of a province, but anyone who thinks about it at all knows that it is easier for the federal government to find the money necessary for its 75 per cent than it is for the provinces to find the money necessary for the 25 per cent. In my view, as long as it is possible for a province such as Manitoba to crawl out from under its share of the burden and try to pass it on to municipalities, the only way a clause such as 36 will work is for the federal government to bear a larger portion of the capital cost. I hope that even yet we may get consideration by the government of that aspect of the clause.

I want to say a word now in reply to something said on Friday night just before we adjourned by the hon. member for Vancouver South. He rose and threw out a statement the like of which he might get away with in his newspaper column but which he can hardly expect to get away with in the house. He said, as recorded at page 2741 of *Hansard*:

> Mr. Chairman, we have heard over and over again in this committee of the whole the contention that nothing has been done under this act for people with incomes of less than $3,800. That, of course, is absolute nonsense, because one of the most important clauses in this bill has been carried over from the old act, and it provides very large sums of money indeed for the financing of low rental housing projects to be carried out between the federal government and the various provinces.

Now, Mr. Chairman, I am sure the hon. member for Vancouver South knows—if he did not realize it when he made that statement he should look back into *Hansard* and read it now—that those of us who were talking about the failure of this act to be of assistance to those whose incomes were less than $3,800 a year pointed out very clearly that the act does not make possible home ownership for people with incomes of less than that figure. It is true that there is a possibility, if the other levels of government participate, for some assistance to be rendered to people with low incomes under clause 36 of the bill, which has to do with low rental projects. He knows that what we were saying is not nonsense, as he termed it the other night, but the absolute truth, namely, so long as you have that $3,800 cut off point on housing loans, people with incomes less than that figure cannot get loans under this act for the purpose of owning their own homes.

I submit, Mr. Chairman, that is still an important matter with which this bill fails to deal. I was interested in reading only this morning an editorial in the Winnipeg *Tribune* from my own city which points out that with wages being what they are, this bill is still of no help to the great majority of people so far as home ownership is concerned. We now know that, with the bill as it now stands, one has to have about $76 per week in order to obtain a loan for a $10,000 home, or $90 per week to obtain a loan for a $12,000 home. Since the average weekly wage in the city of Winnipeg, according to recent statistics, is only $52.51 per week, one readily sees how this bill will fail to help the great majority of the workers in my city to obtain a home.

If one dared to hope that under clause 36, with which we are now dealing, we might get a low rental housing project in Winnipeg it would soften the blow a bit so far as the other parts of the bill are concerned. But so long as this legislation makes it possible for the government of Manitoba to pass on part of its responsibility to the city, and so long as the percentage the federal government will pay is only 75 per cent, there is not much hope of getting a project of this nature in the city of Winnipeg. Nevertheless, despite its shortcomings, I agree with those who contend that publicity should be given to what is possible under clause 36, and that there should be as much educational work

as possible so that the people of the country will get the best they can out of this inadequate legislation.

A moment ago I mentioned having read an editorial in the Winnipeg *Tribune*. In addition I want to mention a news item which came to my attention last week. On Saturday evening at a quarter to seven I was across the hall in room 16 listening to and watching the television news. It so happens that included in the news at that time there was a brief shot of a Canadian soldier arriving from Korea by plane. I believe the picture was taken in Montreal where this soldier arrived after being flown back to this country. Why had he been flown back to Canada? Was it because of a tragedy on the field of battle? No, it was because he had lost a child who had been burned to death in his tar paper shack back here in Canada. I know the fuss that was raised in this house some weeks ago when one or two members of this group started talking about tar paper shacks. There are members on the other side who do not like references to that kind of housing. I suggest this house should take very seriously the fact that every year, every month, almost every week we see items in the news like the one to which I have just referred, where people lose their lives because of fires which take place because the houses in which they are living are fire traps that easily catch fire and burn down.

So far this clause, indeed this bill, does nothing to rectify that kind of situation. It does help to provide, sooner than otherwise would be the case, homes for certain people. But it does nothing for the group of people who really need homes, such as the soldier who had to leave his family in a tar paper shack with the result that one of his children was burned to death. Incidents such as that are a national scandal. There is no help in this clause or anywhere in this bill for such people. I submit that this parliament still has a long way to go in devising the kind of housing legislation that this country really needs.

Clause agreed to.

On clause 37—*Powers of corporation.*

Mr. Cameron (Nanaimo): This clause, Mr. Chairman, represents the last possible opportunity, I suppose, of amending this bill in such a way as to make it serve the purposes that are described on the front of the bill. Without some amendment to this clause, replacing the provision in the old act by which the government entered the field of housing on a joint loan basis, I submit that the act at present represents the clear withdrawal of the government of Canada from the housing problem of this country.

It is true that the other day in a discussion of clause 11 I secured a tacit agreement from the minister that the government, through Central Mortgage and Housing Corporation, would be entering the field under that clause by the purchase of mortgages issued by the chartered banks. Now that may be so, Mr. Chairman, but unfortunately the legal authority for doing so limits the participation to the sum of $30 million. I believe the minister will agree with me that the two sections referred to, the one in the Central Mortgage and Housing Corporation Act, and the other clause 22 of this bill, between them limit that participation to a total of $30 million.

I suggest that such participation is merely a drop in the bucket. I hope, before this bill is given third reading, the government will give serious consideration to the reenactment of that section of the old act under which the government really participated in the housing program in Canada. I want to point out that the figures presented to the banking and commerce committee showed that in the past the government's participation has been in the neighbourhood of $60 million under the joint loans program. There has been no definite statement from the government, and I am merely making an assumption since my suggestion was not denied on Friday, but I assume it is the government's intention to use clause 11 for this very minor feature of participation. I cannot put it more strongly than to say I feel the government has been disingenuous in the house here in the manner in which it has brought this legislation before parliament, which has resulted in a false impression in the public mind as to the purpose of this bill. Unless they are prepared to at least reinstate the provisions for participation, then I cannot see how this house can support such legislation, because it does not do what it purports to do on the front of the bill, that is, promote increased construction of houses in Canada.

The bill before us actually permits the government to withdraw from the very modest participation it had in the housing program of Canada, as set out in the old act. So I hope the government will see fit to maintain the very modest share it has taken in solving one of the important problems of this country.

Clause agreed to.

On clause 38—*Contracts for houses to be sold to prospective home owners.*

Mr. Weaver: Mr. Chairman, I should like to express my pleasure and satisfaction in the fact that this bill has come forward at this time, and is being dealt with so expeditiously. A very fruitful discussion took place in committee. In fact, the discussion that took place there was one of the most satisfactory I have ever seen.

I have one question to ask, and I believe that this is the proper clause on which to ask it. A year and a half ago a group of veterans in Flin Flon were desirous of building homes under the provisions of the Veterans Land Act, through the Department of Veterans Affairs. The understanding was that loans would be advanced by Central Mortgage and Housing Corporation. My information is that after agreeing to make the loans available it was decided finally that this was outside the scope of Central Mortgage and Housing Corporation. My question is this: what will the prospects now be, under Bill 102, of proceeding with such a project?

Mr. Winters: There are two avenues through which the government can make loans for projects such as that envisaged by the hon. member for Churchill. One is under an arrangement with the Department of Veterans Affairs, whereby they assist veterans who are interested in contributing toward the construction of their houses by providing labour content. Under that arrangement Central Mortgage, when a house is completed, can take over the mortgage and administer it from that point on. That is an arrangement that has worked out well to the extent that it has been applied thus far. I understand my colleague the Minister of Veterans Affairs feels the arrangement is one that can be continued.

The other arrangement, of course, is through a direct loan under clause 40 of this legislation. I would say, replying directly to the hon. member's question, that the prospects of having the project in Flin Flon continue on the basis of participation with the Department of Veterans Affairs would be quite good, if the Department of Veterans Affairs placed it before us.

Clause agreed to.

Clause 39 agreed to.

On clause 40—*Where loans not available corporation may lend.*

Mr. Fulton: Mr. Chairman, on Friday evening the minister indicated that this would be the proper place to ask if he could give us information as to what the government has in mind for the smaller communities affected by this legislation.

On January 28, in the debate on second reading, I drew attention to certain complaints I had had from one of the smaller communities in my constituency. It is, I understand, a complaint which is shared generally by other small centres.

Mr. Winters: Would the hon. member give me the name of that community?

Mr. Fulton: Yes; I did refer to it on the earlier occasion. It is the village of Williams Lake. The discussion on the point is found at page 1559 of *Hansard*. It is my impression, based on conversations, although not officially, that the government or Central Mortgage and Housing Corporation has something in mind under this measure to meet the request from the smaller communities, which at the present time appear to find themselves handicapped in that the terms upon which loans are made available to them, with respect to the amount of down payment, and the like, are less advantageous than those given to larger centres.

Mr. Winters: Clause 40 in the bill is a reenactment of section 31A, which enables Central Mortgage and Housing Corporation to make loans to creditworthy borrowers in all those areas where lending institutions are not operating. There has been considerable activity under that section in the act. I have before me a table showing as of December 31, 1953, a total of 7,324 direct loans made by Central Mortgage and Housing Corporation, and also showing that 3,887 of them have been for private accommodation of the one-family type, in a great many communities. I see that five of them are in Williams Lake.

Mr. Fulton: The minister is referring to five loans?

Mr. Winters: Yes, five loans in Williams Lake. And I find another interesting thing, that of 188 loans made in smaller communities in British Columbia during 1951, 1952 and 1953, there were 121 approved for the full amount requested. I find that 21 were approved in an amount between 97·5 and 100 per cent of the loans applied for.

So I think it is clear that Central Mortgage has been operating pretty effectively under the old section, and has been making loans close to the amount asked for in most instances.

Mr. Fulton: What has the minister to say about the relationship of the problem of the approved lending value to this situation? It is Central Mortgage and Housing which, under this clause, would set the lending value. Our experience has been that there are centres in which Central Mortgage sets the lending value at very much less than the amount

of the tender submitted by the contractor as the cost at which he will build a house. I am wondering whether that has some bearing on the matter.

It might be possible that the corporation would give an approved loan for the full amount applied for, but the amount applied for would have to have relation to the approved lending value. Has the minister anything to say on that?

Mr. Winters: It is possible that that is a factor. But it is also true that a large percentage of loans made under the old section last year were in the amounts requested and were, at the same time, the agreed sales prices of the houses.

Mr. Fulton: Has the corporation a policy, in places where they think building costs are higher than they might be, of setting lending values at a smaller percentage of the actual cost of construction than would be set in other centres?

Mr. Winters: That is so, yes.

Mr. Fulton: I can appreciate the corporation might wish to do what it can to keep building costs down. But surely the minister will agree with me that that inflicts a hardship upon those who live in those communities and wish to build houses there. The prospective borrower does not wish to have building costs higher than they should be, but he is there, and those are the figures submitted to him by the contractor.

I wonder whether the minister or the corporation would consider whether, after perhaps two or three years of trying to get building costs down by consistently making smaller approved lending values than the figures given in tenders, and when that policy appears to have failed, they would not consider bringing the approved lending value up to the same proportion of the actual cost of construction as applies in other communities?

Mr. Winters: In reply to that I can say that, rather than cause hardship, the whole purpose of the clause in the bill is to alleviate hardship. It is designed to enable the corporation to make direct loans where, otherwise, no loans of any kind would be made. So the extent to which the prospective borrower can get any amount of a loan is some alleviation of what otherwise would be perhaps a hardship. We do hope that under the present bill, with the banks in a position to lend through their many branches, there will be an extension of lending by lending institutions in the smaller communities. We will have to wait and see how this operates to determine to what extent this section must be applied.

[Mr. Fulton.]

Mr. Fulton: In view of what the minister has said, I should like to ask him if in the course of the next few weeks he would please have the corporation look into the situation in Williams Lake in the light of the comments which I placed on the record at page 1559 of *Hansard*. Certainly there have been placed before me what are regarded as bona fide complaints or requests for alleviating action to be taken by the corporation.

Mr. Winters: I shall be pleased to bring that to the attention of the corporation.

Mr. Ellis: What amount of money has the corporation available for loans under the provisions of this section?

Mr. Winters: The answer to that is $250 million.

Mr. Ellis: Has the government ever made any loans under this section, or does it anticipate making any in areas where lending institutions for one reason or another will not make loans? I am thinking of sections of a city in which the established lending institutions will not make loans, and I am asking whether under those circumstances the government would consider that Central Mortgage should make loans under clause 40?

Mr. Winters: Mr. Chairman, we have gone pretty far in making this section operative. We have extended it to municipalities with a population of up to 55,000 or less as the lending institutions have withdrawn their own operations. The purpose of this section is to enable the corporation to make loans where the lending institutions are not operating. The government believes that there is a field for operation by lending institutions in large metropolitan areas and for that reason it has not been the practice of the corporation to make direct loans in large centres of population.

Mr. Ellis: Simply because there are lending institutions in a community does not assure that persons in that community are going to be able to get any money. It has been pointed out by a number of hon. members that there are certain areas where loans are not available. I believe the hon. member for Burnaby-Coquitlam mentioned certain areas in his constituency where the lending institutions will not advance loans for building purposes. Under those circumstances the people living in those areas are in exactly the same position for all practical purposes as those residing in areas where there are no lending institutions.

Mr. Winters: We are hopeful that with the admission of banks as lenders under this act, the situation will be helped substantially.

Mr. Regier: I should like to emphasize what has just been said by the hon. member for

Regina City. I feel that the government should give serious consideration in the regulations to making all the provisions of this act available to people in suburban areas. Although people living in suburban areas are actually living in metropolitan areas they are excluded from the benefits of this section. The lending institutions insist that they will have nothing to do with houses except those being built in exclusive areas.

I think there is a splendid opportunity for the government to make this provision available to suburban areas where lots can be purchased in the neighbourhood of $1,000 instead of the $3,000 or $4,000 which must be paid for a lot in certain exclusive areas. In many respects the lots in these suburban areas have just as good a future as those in some of the older areas.

I can think of a number of federal ridings in British Columbia which have received no help under the National Housing Act. However, I do want to compliment the minister on some things he has done. I have had something to do with many of the 188 houses which have been built in British Columbia under this section. Our experience has been that we were able to do business with Central Mortgage and Housing Corporation under this section much more easily than we could have operated under part I of the act. I think the government is to be complimented upon giving some assistance to those areas in British Columbia where because of administration costs it must be a losing proposition for the government.

Mr. Knowles: May I put one question to the minister arising out of the discussion he and I had on Friday evening. If an individual in a city, like the city of Winnipeg, whose income is less than $3,800 applies to a bank for a loan and is turned down, and if the bank fails to initiate conversations with Central Mortgage and Housing Corporation as to whether the loan should be granted, could that individual make a direct application to Central Mortgage and Housing Corporation for a loan?

Mr. Winters: He can apply but whether he gets the loan is another consideration.

Mr. Knowles: Have there been instances where such applications have been granted? My question, as to the past, would assume the substitution of life insurance companies for banks.

Mr. Winters: We have records of a number of instances where prospective borrowers were unable in their first approach to the lending institution to convince them they were good mortgage risks. After speaking to us, and we in turn have spoken to the lending institution, loans have been made.

Mr. Knowles: By whom?

Mr. Winters: By the lending institution.

Mr. Knowles: So it is possible for an individual who has been turned down by a lending institution to bring the matter to the attention of the corporation?

Mr. Winters: That is possible.

Mr. Macdonnell: Is it possible that he might get a loan from the corporation in such event?

Mr. Winters: I think we covered that when we discussed the practice of Central Mortgage and Housing Corporation staying out of the field in which private lending institutions operate.

Mr. Noseworthy: Why should the application of subsection 1 be limited to communities of a certain size? This reads:

> Where in the opinion of the corporation a loan is not being made available to a person pursuant to part I or section 15, the corporation may make a loan to such person to assist in the construction of a house—

Why not administer the act as it is written instead of bringing in a provision saying that it will be applicable only in the case of certain smaller communities?

Mr. Winters: Mr. Chairman, this section of the act is being administered in accordance with parliament's intent. This was put on the statute books to enable the corporation to make direct loans in those areas where the lending institutions are not normally operating. It has been the practice for lending institutions to operate in the larger centres of population and for that reason Central Mortgage and Housing Corporation has not made a practice of making loans in those areas.

Clause agreed to.

Clauses 41 and 42 agreed to.

On clause 43—*Each part to come into force upon proclamation.*

Mr. Knowles: This section provides for the coming into force of the various parts of this bill. I should like to address a question to the minister with respect to what might be done before part I is brought into effect. The other night I asked the minister whether consideration would be given to making it possible for the substantial sums of money which are set aside in pension funds to be loaned on the basis of insured

mortgages for the building of homes. I was pleased to have the minister's reply, as reported on page 2733 of *Hansard* of March 5, when he said in part:

—we are prepared to recommend that pension funds be made eligible to approved lenders, for the purpose of making insured loans.

It has been suggested to me that in some instances there are pension funds in the hands of trade union organizations where the rate of interest being earned is not quite as large as is expected to be the rate for loans under this legislation. It has been represented to me that some of these trade union pension funds might be available for housing at the same low interest rates which they are now earning, rather than at the maximum rate that could be allowed under this act. Will the minister consider permitting such trade union pension funds to lend money on the basis he announced the other night and to loan these funds at a rate of interest below what the banks are likely to charge, or in other words at a rate more in line with what they are now getting on these funds?

Mr. Winters: Yes, Mr. Chairman, that would be a very pleasant development. Section 21 defines a lender as follows:

. . . insurance, trust or other company or corporation, trustee of trust funds,—

—and so on. That would qualify the pension fund to which my hon. friend has referred. Clause 4, subclause 2, provides that the rate of interest prescribed under subsection 1 shall not exceed the interest rate of long-term government bonds by more than the specified amount so there is no reason why the interest rate cannot be less than the maximum prescribed under the act.

Mr. Knowles: Then perhaps the trade unions might be in on the administration so they could encourage the banks to follow the same course.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Winters moved the third reading of the bill.

Mr. J. W. Noseworthy (York South): Mr. Speaker, before this bill is given third reading I would like to state that I regret very much I cannot support it in many respects. While it purports to give some advantages to those seeking to build homes, I believe those advantages will not transpire. In fact, I think they will prove to be mere illusions.

It is said, for example, that there will be an advantage in the lower down payment. It is true a few dollars will be saved on the down payment but the interest rate will be higher, and any benefit which might accrue from a saving on the down payment will be swallowed up in the increased rate of interest over the years. All this bill presents is a hope on the part of the government that the banks will be induced to put some money into house building to replace the money which the government formerly supplied under the joint loan system, and possibly to make up for the money which the lending institutions may not advance in the future.

There is a hope, but there is very little evidence that there is much ground for that hope, and there is very little assurance that the banks will be sufficiently interested to put a sizeable amount of money into house building. Certainly there is no assurance that the 25 per cent which the government formerly put in under the joint loan system will be made up through loans advanced by the banks, and there is considerable evidence that the lending institutions may make fewer loans available than in the past.

The bill does not solve our housing problem. It will be just as difficult for those in the lower income groups to get houses after this bill becomes law as it was under the old act. It will also be equally difficult to get the provinces and the municipalities to co-operate with the federal government in the provisions under clause 36 as regards low rental housing. Evidence was given before the committee to the effect that there is considerable public apathy towards clause 36, and that the municipalities are loath to take advantage of it. Recommendations were made suggesting ways in which the government could improve clause 36 whereby the provinces and the municipalities could be induced to enter into an agreement with the federal government for the provision of low rental housing.

For those who need the houses most, this bill will be a disappointment. It will offer them very little more than the bill which it is designed to replace. One feature which I believe is open to criticism is that no one knows at this stage what the interest rates will be on loans. When the minister was asked whether he would consider fixing a limit for the interest rate and, if necessary, introducing a subsidy, we were told that that would be determined by government policy. But if there is any place in which government policy should be considered it is in this house now, before this bill is given third reading.

The government should continue subsidizing the interest rate, as it has been doing all through the years under the joint loan arrangement. It can do so, and it can fix a limit above which the interest rate will not go, and if necessary subsidize that interest rate just as it has been doing over the years.

Before this bill is given third reading, Mr. Speaker, I wish to move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

That Bill No. 102 be not now read a third time but that it be referred back to the committee of the whole house for the purpose of amending it so as to provide a fixed limit as to the rate of interest to be charged on loans made under the provisions of the said act.

I know there will be criticism of this amendment on the ground that we are holding up an act which is necessary in order to enable us to get our spring building operations going; but this bill is going to determine the extent to which the people of Canada will be able to get houses not only this spring but next spring and possibly for years to come. Consequently, I suggest that we give this bill more consideration before it receives its third reading.

Mr. C. E. Johnston (Bow River): Mr. Speaker, I should like to say a word on this amendment. I do not think there is anyone in the house who has put forth his views any more energetically than have we of the Social Credit party. I am in accord with what the amendment suggests in the matter of protesting to the government because they did not see fit to implement some of the suggestions we made. We think that had the government adopted some of the proposals which we have suggested in this debate they might have found them to be of a great deal of assistance. We suggested in this house that there should be a lowering of the interest rate. We went further than that. We pointed out how we thought this interest rate could be lowered, but the government has not seen fit to go as far as we should like them to go.

When I say that I intend to support the amendment, may I say that it is merely in protest because the government has not seen fit to go as far as we should like them to go. I want to say that, when the amendment is disposed of, we propose to support the bill because, in my judgment, it is better than the old bill. I think it will bring some assistance to those in the lower income groups. In the matter of home ownership it certainly does not assist those in the income groups below $3,000. We think there is a way to solve that problem whereby a great many people in the lower income group could be assisted. But even though the bill does not go as far as we should like it to go, we are going to support it because we think it is an improvement over the last one and will bring some assistance to the people of Canada. I would hate to place myself in the position of voting against the bill itself because its defeat would deprive many people of badly needed houses. We shall therefore support the bill although we do not think it goes as far as it should or as far as we should like to see it go.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I just wish to say a brief word with regard to this amendment. In the first place, I believe its adoption would take much valuable time at this particular stage when we are heading into a construction season. The builders should have the act before them so as to know just exactly what are its provisions and what their operations will be under it. I think all hon. members would wish this bill to become law at the earliest possible date. If one can assess the feeling of the house, as judged by the recent debate on the employment situation, one would certainly arrive quickly at that conclusion.

As to the fixed limit for interest rates, the upper limit is now fixed in relation to long-term government bond rates. I therefore do not believe that the amendment would achieve anything of substance in that regard. After the committee was fully apprized of the reasons for having the interest rate formula in the bill in the manner it is, I recall that the hon. member for Eglinton (Mr. Fleming), speaking on behalf of the official opposition, said he was satisfied that it was in the public interest to have the interest rate flexible in the legislation so that the borrowing public could take advantage of any downward adjustment in the rate on long-term government bonds. The government feels it is in the public interest to have the interest rate determined as it is in the bill. I must therefore say that the government intends to oppose this amendment.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I say just one word in reply to the minister? Obviously I shall support the amendment. The minister suggests that one of the reasons he is opposed to the amendment is that it might take time to make this alteration in the bill. Surely he does not advance that argument seriously. I trust he realizes that the other place has recessed until Thursday so that, even if we pass the bill today or tomorrow, it cannot become law until some time after this coming Thursday.

Hon. George A. Drew (Leader of the Opposition): Just before the vote is taken on the amendment, Mr. Speaker, without in any way questioning the interpretation of what has already been said on behalf of the opposition and on behalf of our party in connection

with this matter, I should say that I believe this is a subject that is causing a great deal of concern. I have received a great many questions as to why it is that the interest rate is going to be so much higher than the amount that is paid by the government for money that is borrowed. The problem in regard to a flexible interest rate is one that presents a real question. However, I think a great deal more could be done to explain exactly why this course is being followed and why it is that the interest rate that will be charged here is substantially in excess of the interest payments that will be paid in connection with the money itself. I think the reasons are apparent why there are certain charges that must be borne in one way or another.

As to this amendment, I do not feel at this stage that I could support it. I must say that there have been given in support of it certain explanations with which I could not agree. However, that fact would not affect the matter if the wording were in itself not open to objection of any kind. But for the reasons which have been given by the hon. member for Eglinton (Mr. Fleming), subject to all of the weaknesses that have been pointed out, it is felt that this bill should now proceed and that the government should have an opportunity to make it work to the best advantage possible.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question:

The house divided on the amendment (Mr. Noseworthy) which was negatived on the following division:

YEAS

Messrs:

Argue
Barnett
Blackmore
Bryson
Cameron (Nanaimo)
Campbell
Castleden
Coldwell
Ellis
Gillis
Hahn
Hansell
Herridge
Holowach
Johnson (Kindersley)
Johnston (Bow River)
Jones
Knight
Knowles
Low
MacInnis
McCullough (Moose Mountain)
McLeod
Nicholson
Noseworthy
Patterson
Quelch
Regier
Shaw
Stewart (Winnipeg North)
Thatcher
Thomas
Winch
Yuill
Zaplitny—35.

NAYS

Messrs:

Abbott
Adamson
Anderson
Applewhaite
Ashbourne
Balcom
Batten
Bell
Benidickson
Bennett (Grey North)
Bertrand
Blair
Blanchette
Boisvert
Boucher (Chateauguay-Huntingdon-Laprairie)
Boucher (Restigouche-Madawaska)
Bourget
Brisson
Brooks
Buchanan
Byrne
Campney
Cardiff
Caron
Carter
Casselman
Cavers
Charlton
Chevrier
Churchill
Claxton
Cloutier
Conacher
Cote
Croll
Dechene
Deschatelets
Dinsdale
Drew
Dufresne
Dumas
Dupuis
Enfield
Eyre
Fairey
Ferguson
Follwell
Fraser (Peterborough)
Fraser (St. John's East)
Fulton
Gagnon
Gardiner
Garson
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Girard
Goode
Gour (Russell)
Gregg
Habel
Hamilton
Hanna
Hardie
Harkness
Harris
Harrison
Hodgson
Hosking
Houck
Howe (Port Arthur)
Howe (Wellington-Huron)
Huffman
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Lapointe
Leduc
Legare
Lennard
Lusby
Macdonnell
MacDougall
MacKenzie
MacNaught
McCann
McCulloch (Pictou)
McIvor
Mang
Martin
Matheson
Monteith
Murphy (Lambton West)
Murphy (Westmorland)
Nesbitt
Nickle
Nixon
Nowlan
Pearkes
Pearson
Perron
Philpott
Pickersgill
Pinard
Pommer
Pouliot
Power (St. John's West)
Prudham
Purdy
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Robertson
Robichaud
Robinson (Bruce)
Robinson (Simcoe East)
Ross
Rouleau
Rowe
Shipley, Mrs.
Simmons
Sinclair
Small
Stanton
Stick
Studer
Trainor
Tucker
Tustin
Valois
Viau
Vincent
Weaver
Weir
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
White (Waterloo South)
Winters
Wood
Wylie—142.

Mr. Alistair Stewart (Winnipeg North): The fact that the Liberal Senate will not be available until Thursday, Mr. Speaker, means that there is no great haste for getting this legislation through today, which gives

us another chance to have a look at it. The hon. member for Nanaimo (Mr. Cameron) said this afternoon that the government was withdrawing from the housing field. I am not sure if that was entirely correct. Certainly they are withdrawing so far as the quarter share of joint loans is concerned, but the government is not withdrawing from that area where guarantees have to be given to free enterprise before we can get homes. I suspect free enterprise never would work in any event were the government to refrain from giving it the guarantees which it has today.

The most serious omission in this legislation in our opinion is the withdrawal of the quarter share of the joint loan on the part of the government. The reason for it, I do not know. It may be that the government felt that the prospects were good for the building of 125,000 homes this year. Perhaps the government felt that would absorb the capacity of the industry. Again, I do not know. But I do know this, that the government is not thinking in terms of the very near future and I do not put that "near future" later than next year when there will be demands for homes which have been left unsatisfied.

The situation today is that the government is going to refrain from lending its quarter share under the joint loan scheme. The lending companies are not going to lend as much as in the past. We have no idea what the banks are going to lend, if anything at all. Since homes can only be constructed with the help of money or by credit resulting from such security, we fear that there are going to be less homes built under this legislation in the long run than might have been the case under the old legislation which is now going into limbo. The fact is that less money has become available, and by making less money available this government hopes more homes will become available. That is the logic of free enterprise to which we do not adhere.

Therefore, I move, seconded by the hon. member for Saskatoon (Mr. Knight):

That Bill No. 102 be not now read a third time but that it be referred back to the committee of the whole house for the purpose of amending it so as to provide for the reinstatement of participation by Central Mortgage and Housing Corporation in joint loans for the construction of new houses.

Mr. Speaker: If an amendment to third reading of a bill must refer to provisions contained therein, it seems to me that to move the recommittal of a bill at this stage with instructions to insert a clause involving expenditures cannot be moved by a private member. Citation 710 of Beauchesne's third edition indicates the restrictions to amendments to third reading. It reads as follows:

The question for the third reading is put immediately after the report from the committee of the whole. All amendments which may be moved on the second reading of a bill may be moved on the third reading with the restriction that they cannot deal with any matter which is not contained in the bill.

The participation of Central Mortgage and Housing Corporation in joint loans was not included in the bill, and an amendment providing for it in committee would have to be moved by a minister. The minister sponsoring the measure has already declared his objection to the amendment proposed by the hon. member for Winnipeg North which, if adopted, would constitute a direct order to the government to do a thing which cannot be done without the expenditure of money. In view of these considerations and of citation 453 of Beauchesne's third edition, I cannot receive the amendment.

Is the house ready for the question?

Motion agreed to and bill read the third time and passed.

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, ETC.

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 338, respecting banks and banking.

He said: Mr. Speaker, this bill provides for the revision and re-enactment of the Bank Act and for the renewal of existing bank charters for a further period of ten years. It is one of the most important items on the agenda of this session of parliament. At the same time I think it will be found that in its essential aspects it is a non-controversial bill. There will, of course, be differences of view on particular points, and various groups in the house will differ on the emphasis they place on certain parts of the bill. But if I gauge the sense of the house correctly there is general agreement that within the framework of our accepted economic structure our banking system is an excellent system; that it is efficient; it gives good service; it commands the confidence of the Canadian people; and it is highly regarded abroad.

I realize, of course, my hon. friends in the C.C.F. group believe that in due course, and as part of a general policy of socialization, the commercial banks should come under public ownership and operation. For those who accept their ultimate objective such a position is not illogical, but I take it

that we are not at this time initiating a debate on socialism in general and that is why I suggest that in its essential aspects this is a non-controversial bill. It is nevertheless, as I have said, a very important bill. I hope, in fact, all interested members will consider it carefully and that it will receive careful and constructive scrutiny in the banking and commerce committee.

Before dealing with the bill itself, perhaps hon. members would be interested in a very brief statement on the history of banking in Canada. The first institution to offer full banking services in British North America was formed in 1817 in Montreal. The first Canadian bank to operate under a charter commenced business in Saint John, New Brunswick, in 1820.

At the time the first four provinces entered confederation, parliament endorsed and continued the charters of the provincially incorporated banks. At July 1, 1867, in the new Canada, there were 29 bank charters which were active or to become active. In addition there were three in Prince Edward Island and one in British Columbia.

Since confederation, 77 banks have obtained charters, of which 39 actually commenced business. The other 38 failed to open their doors to the public because, so far as can be ascertained, they were unable to raise sufficient capital.

In 1880 there were 36 banks in actual operation, 38 in 1890, 36 in 1900, 25 in 1913, 11 in 1923, 10 in 1934 and 1944, and at the present time there are 11.

Of the 72 banks which have operated under the Bank Act since confederation, 26 have failed and 35 have been absorbed by other banks. Of the 26 that failed, 13 were wound up without loss to noteholders or depositors. In the other 13 cases depositors suffered varying degrees of loss. While the losses suffered by the creditors and shareholders of some of the latter banks were unfortunate, they had a salutary effect. It compelled all other banks to strengthen their management and internal controls, and parliament from time to time passed legislation to improve the safeguards and protect the funds of depositors and shareholders. I should add that the last bank failure in Canada occurred more than 30 years ago. As hon. members know, our banking system weathered the economic storm of the 1930's in a manner of which we may well be proud.

The 11 banks which comprise our commercial banking system today have a combined age of almost 900 years, the oldest bank having been incorporated 136 years ago, and the youngest less than a year ago.

[Mr. Abbott.]

The latter incorporation was an important event in our banking history, as only one other bank—and that in 1929—has commenced business in Canada in over 40 years. With the exception of these two, each of our banks has been in business for over 80 years.

In 1871 the parliament of Canada passed its first bank act. One of its most important provisions was the extension of the charters for a period of ten years, and the consequential principle of a decennial revision of the Bank Act. It has been said that this period was chosen by agreement between the government and the bankers of the time, as both were of the opinion that there should be a periodic review of the legislation and of the manner in which the banking system was operating.

With the exception of four occasions, on which the charters were extended for one-year periods, because parliament wished to defer consideration of the act, there have been decennial extensions of charters ever since.

The principle of the decennial revision is an important one. It provides a good balance between stability and flexibility, between tradition and change. I am glad there is general agreement on this principle. Conditions in all countries change with the passage of time, and this is especially so in a rapidly expanding country like Canada.

In each decade as we review the Bank Act we ought to look both backward and forward; backward to see what weaknesses need to be remedied or what gaps need to be filled, and forward to make sure that our banking system has the capacity to meet the expanding needs and the changing circumstances of the future.

Ten years ago, in 1944, parliament gave careful study, not just to the Bank Act itself, but also to a group of related measures which, taken together, formed a coherent pattern for dealing with our expectations of the post-war period. In that year parliament not only revised the Bank Act, but it also created the industrial development bank, the Central Mortgage and Housing Corporation, the Export Credits Insurance Corporation and passed the Farm Improvement Loans Act.

Experience has shown that these were all good measures, and collectively they played a very large part in the relative smoothness of our post-war readjustments and in our progress and expansion since that time.

This year, in 1954, our legislative program in respect of banking is incorporated in four measures—the Bank of Canada Act amendments, the sections of the housing act relating to insured mortgages, the bill now before us,

and the act relating to the Quebec savings banks. The first two have already been approved in principle. I am now inviting the house to approve the third, and the last will be introduced shortly.

I thought we had a very useful discussion on the resolution preceding the introduction of this bill. I appreciated the thoughtful and moderate speech of the hon. member for Peace River (Mr. Low). He will not expect me to agree with all the implications of his remarks or with the precise balance of his emphasis. But I felt it was a good speech, that it recorded a useful degree of progress toward a mutual understanding of these matters, and I am glad to accept his invitation to deal briefly with the fundamental points he raised. He mentioned nine major factors which determine the course of economic progress and prosperity, and he concluded that they could be pretty well summed up in the dominant role of the regulation of the volume of bank deposits. The control of bank credit is, of course, a very important matter; but I would not be prepared to go as far as my friend from Peace River when he says, or implies, that if you look after bank deposits everything else will take care of itself.

It seems to me that steady and sustained economic progress depends upon two broad sets of factors. One is monetary, the other is non-monetary. The non-monetary factors include such basic things as the skill and efficiency of our people in applying their energies to our available resources. Constantly improving productivity is essential. Without it the most ingenious and efficient monetary arrangements will not get us very far. Skill, energy and efficiency together with confidence, integrity and a spirit of adventure—these are the foundations of economic progress.

But in a complex economic society sound monetary arrangements are also essential. I agree that the control and regulation of bank credit is important, but I would not assign it such an overriding importance as does the hon. member for Peace River. I prefer to think in terms of three related and interlocking factors: 1, the variation in cash reserves with its effects on bank credit and bank deposits; 2, the interest rate structure, with its effects on saving and spending and on the allocation of productive resources among the many competing claims; and 3, the effects of over-all fiscal policy. None of these are independent variables, each reacts upon the others; and the essential task of monetary and fiscal policy is to harmonize these several factors and use them to direct and encourage the economy as a whole in the right direction and at the most desirable pace. There are times and circumstances when major reliance should be placed upon fiscal policy; at other times the brakes should be applied or relaxed chiefly through variations in cash reserves; at still other times or places influencing the interest rate structure, as a whole or at some point, may be the most sensible approach. I do not think you can generalize for all times or for all circumstances.

In other words the administration of monetary policy requires a high degree of skill and good judgment. It requires selecting the right means or combination of means, and applying those means at the right time and place and in just about the right degree. For this, there is no simple formula.

One last point, before I leave these general considerations. There is a tendency in general monetary discussions to overlook the international elements in the problem. Too often the argument is developed in relation to what economists, I believe, call "a closed economy". Canada, of course, is almost the very opposite to a closed economy. We live by trade and are exposed to all the economic winds of the world around us. We cannot hope, indeed we should not wish, to insulate ourselves against the world.

This means two things. First, we can never expect to be free from a certain amount of economic ups and downs transmitted to us from abroad; and, second, for that very reason we should assist wherever possible in promoting sensible international trade and monetary co-operation, while at the same time keeping our own economy as efficient and as flexible as possible in both its physical and monetary aspects.

I turn now to the substance of the bill before us. I shall not attempt, nor would it be in accordance with the rules, to deal with all the numerous changes proposed. A great many of these are technical, some of them indeed purely verbal to improve the language or clarify the meaning. I shall deal first with changes of substance or principle which will affect the general public.

One of the most important amendments proposed is a change in the method of calculating the cash reserves of a bank and the minimum rate thereof. I referred to this change at some length when speaking on the amendments to the Bank of Canada Act, and I am sure it is not necessary to repeat all of the explanations which I gave at that time. The minimum cash reserve ratio is to be increased to 8 per cent of Canadian dollar deposit liabilities and, as hon. members will recall, there is an amendment proposed in the Bank of Canada Act to permit the Bank of Canada to vary that rate from time to time, within a range of 8 to 12 per cent. The basis

of calculation is to be changed to a monthly average instead of the daily basis now in effect. This will permit much more flexibility, as a bank may allow its cash reserve ratio to fall below the minimum rate for several days to meet temporary emergencies, providing that it reaches the required average over the entire month.

Another important amendment relates to the power of banks to lend on insured mortgages. The first bank act of 1871 prohibited the banks from lending money on the security of mortgages on real or immovable property, and this prohibition has remained in subsequent acts. There is no doubt that during the early development stages of this country, with a high loss factor and the lack of liquidity of mortgage investments at certain periods, this was a wise provision and contributed greatly to the safety record of the banks. The Farm Improvement Loans Act in 1944 and the Veterans Business and Professional Loans Act in 1946 provided that, notwithstanding anything in the Bank Act, a bank was authorized, under certain circumstances, to make a guaranteed loan on the security of a mortgage. This house has just completed consideration of a revision of the National Housing Act, of which one of the principal features is authority to the banks to lend money for residential construction on the security of mortgages insured by a government agency.

This major change in bank legislation was given very careful consideration before it was proposed to parliament and it is believed that with the insurance, amortization requirements and other liquidity features, this type of mortgage lending will become a safe investment for a portion of the bank funds and will provide a useful additional source of funds for this very important sector of the economy of our country.

It has been suggested in some quarters that a limit should be placed upon the aggregate amount that a bank may lend on this type of security, but I am not in favour of a restriction of this kind. A limit established by legislation is likely to become a target, either for the lender or for those who wish more to be loaned. Conditions will alter from time to time as between one bank and another and for the system as a whole, and I prefer to leave this matter to the good judgment of those whose duty it is to invest wisely the funds entrusted to them.

For some years the banks, by means of loans, have been assisting materially in the development of the country's oil resources. When the act was drafted in 1944 this part of a bank's business was relatively unimportant, and the provisions relating to the security which may be taken for such loans are not entirely satisfactory under present-day conditions. To permit the banks to give to this very important industry the measure of financial support which is required, a new section containing very extensive provisions has been inserted in the bill.

Section 88 of the Bank Act is a unique piece of banking legislation. Some of its provisions have a history in Canadian banking which commenced long before confederation. In changing form it has carried the same section number in each act since 1913. I believe that, for the most part, it has proven satisfactory in its present form and the only change I am proposing at this time in the lending provisions is authority to the banks to lend money to farmers for the purchase of seed potatoes. In the other provisions regarding notices of intention to give security, several changes have been made on the recommendations of the banks and Bank of Canada. These relate almost entirely to the routine of filing, registration, release and cancellation of such notices, and are intended to enable the Bank of Canada to dispose of obsolete records and notices.

The Bank Act of 1871 authorized the banks, with certain restrictions, to issue notes for circulation in Canada, and in 1897 authority was given for the issue of notes in any British possession outside Canada where the bank had a branch and where this was not contrary to the laws of the country. After the advent of the Bank of Canada in 1935 the chartered banks' note issues were gradually withdrawn. In January, 1950, the banks paid to the Bank of Canada approximately $13½ million, an amount equal to their outstanding Canadian notes, and thereafter the Bank of Canada became liable to redeem the notes on presentation. With this payment the additional liability, often referred to as the "double liability", which formerly attached to a bank's shares in proportion to its outstanding note issue, was extinguished.

For many years the cost of foreign note issue including taxes has made this an unprofitable operation, and the banks have been reducing the outstanding amount as occasion has permitted. It is now approximately equivalent to $130,000. The bill before you provides that all note-issuing privileges of the banks shall cease and also for methods of retiring the foreign note circulation now outstanding.

I turn next to a group of amendments relating to the incorporation and the share capital of banks. I am proposing an amendment to provide that if parliament is not

sitting during the last month of the ten-year period for which this act authorizes the banks to carry on business the authority is extended until 60 days after the next session commences. This, of course, is meant solely as a safeguard in case parliament should rise before or during that last month without dealing with this act and thus leave the banks without authority to carry on.

Another amendment is to increase the amount of capital that a newly-incorporated bank must have before it commences business. The present requirements are a minimum subscribed capital of $500,000 and a minimum paid-up capital of $250,000. These requirements were established in 1890, and with the greatly increased costs likely to be incurred in bringing a bank into profitable operation under today's conditions a larger amount of initial capital is considered necessary. In this bill the minimum subscribed capital is stated at $1,000,000 and the minimum paid-up capital at $500,000.

With the rapid and very substantial growth in the assets of the banks during the past few years it has become desirable for some of them to obtain new capital. There are difficulties attached to making a new issue of capital stock under the provisions of the present act if the bank has shareholders resident in countries where considerable detailed information must be filed before the issue of capital stock by a foreign bank is approved. An amendment to the present procedure with respect to the allotment of new stock which will help to overcome this obstacle is proposed.

When there was additional liability attached to the bank shares for the purpose of protecting the note issue it was essential that the shares could be transferred only by registration on the books of the bank. This protection is no longer necessary, and a proposed amendment authorizes each bank, if it so wishes, to provide by bylaw for another method of share transfer.

The present act provides for the procedure when one bank purchases all or part of the assets of another bank. Because of legislation which imposes a tax on the undistributed income of a corporation when it is wound up, a bank which is solvent but recognizes that its future may be limited is, in effect, prevented from joining with another bank. Section 100 of this bill provides a procedure for the amalgamation of two banks and their continuance thereafter as a single entity.

Hon. members will find in this bill several changes in the provisions relating to the financial statements and periodic returns made by the banks. These changes, intended to clarify and improve the information in the statements and returns, have been made after consideration of recommendations received from the banks and their auditors.

At present the banks are required to file an annual return of unclaimed deposits, drafts and accepted cheques after they have remained unpaid for a period of five years and each year thereafter until they are paid to the owner or to the Bank of Canada in trust. The returns now filed contain as many as 25,000 names. They require a substantial amount of work to prepare and, as far as can be ascertained, relatively few payments to creditors have resulted therefrom.

I am proposing in this bill that the returns contain only the details of amounts unclaimed for a period of over nine years, that is, one year before they are paid to the Bank of Canada in trust, if still unclaimed. The returns will then contain between 4,500 and 5,000 names, and it is provided that this information will be published in the *Canada Gazette*. It is hoped that publication will result in more amounts being returned to their rightful owners.

At the time of the 1944 revision of this act it was provided that the banks should make an annual return of earnings and expenses in a form which now appears in the act as schedule Q. A compilation for all banks of these returns and of the averages for 15 years has since been tabled annually in parliament and published in the *Canada Gazette*. Hon. members will, no doubt, have noticed the last statement in the *Canada Gazette* of February 13 of this year.

When the 15-year period was chosen for the return it was not considered sufficiently long to present a fair basis for average figures of earnings, expenses and losses, but as there was no relative information available with respect to the banks which ceased to operate during the twenties, this was the longest period for which reliable comparative figures could be obtained.

I am now proposing a change in schedule Q to lengthen the period of averages to 25 years, which is considered a more suitable basis for a report of this kind.

In that connection, I believe hon. members would be interested in a few comparative figures which indicate the growth of our banking system in the last quarter century. At the end of 1928 the banks reported total assets of approximately $3,470 million. At December 31, 1953, the reported assets had expanded almost threefold and amounted to $10,140 million.

The following figures give the distribution of profits for the average of the 25 financial years of the banks ending in 1953: Profits

after taxes, but before losses and provision for losses on investments, loans, and other assets amounted to $36·6 million. That is dealt with in the following manner:

Dividends paid to shareholders, $14 million.
Additions to profit and loss accounts and to rest accounts including amounts retransferred from contingency reserves, net, $3·5 million.
Losses and provision for losses on investments, loans and other assets, net, $12·4 million.
Additions to contingency reserves, net, $6·7 million.

It will be noted that the latter figure of $6·7 million is about 2½ per cent of the $266·8 million average increase in assets for the same period.

As the house is aware, it is my responsibility under the Income Tax Act to inform the Minister of National Revenue (Mr. McCann) if, in my opinion, transfers in any year to the contingency reserves of a bank are excessive. There have been very few occasions in the past ten years when this has occurred. The total of such excess transfers for all banks in the fiscal years 1944 and 1945 amounted to $378,000, on which full taxes were paid. Subject to final audit of the reports for the fiscal years ending in 1953, no excess transfers have been made by the banks in any of the last eight years.

Finally, there are certain changes relating to the internal management of the banks' affairs which should be mentioned. The present act requires the pension funds of the banks to be invested in securities in which a trustee may invest under the Trust Companies Act. A bank pension fund is usually under the management of a board consisting of the directors and members of the staff of the bank, and is maintained in part by contributions from the staff and to a greater extent by contributions from the bank. It is the practice to have an actuarial survey of the fund at least once in every five years, and for the bank to make up any deficiencies which occur because of changing rates of income and other factors. In my opinion the management of these funds should be left to those concerned, and I am recommending that the present investment restrictions be withdrawn with the exception that no contribution be permitted to a fund that invests in bank stocks.

There are changes also in the provisions relating to the bank auditors. It is now usual for bank auditors to act in an advisory capacity with respect to many matters outside the scope of a normal audit, such as income tax returns, capital stock issues and accounting methods and routines, and it is provided that they may be engaged for and remunerated for such special work, if it is approved by the directors of the bank.

[Mr. Abbott.]

In the 1944 act provision was made for destruction of bank records in which the entries had been made more than 30 years before. The accumulation and storage of a vast quantity of paid cheques and obsolete records has become a major problem with the banks, and it is now proposed to reduce to 20 years the period for which such documents are to be kept, with a provision that the signature cards and other identification records pertaining to an account transferred to the Bank of Canada in trust shall be kept as long as they are required.

There are a great number of changes from the 1944 act in this bill consequential upon some of those to which I have referred. In particular, the elimination of the provisions relating to note issues has meant a redrafting and redistribution of a great many of the sections in the act. None of these make any important changes of substance or of principle, and therefore require no explanation at this time. At the conclusion of this debate I propose to move that this bill be referred to the banking and commerce committee, where hon. members will be able to obtain all the detailed information and explanations they may require.

In conclusion, Mr. Speaker, I can sum up by saying that the only really important changes of principle in this decennial revision of the Bank Act relate to cash reserves and lending on insured mortgages. These changes themselves are not new or untried developments. They flow naturally from our own experience and from the experience of other reasonably comparable countries. They follow the precepts of "conservative innovation" and the "matching of new institutions to old" described nearly a century ago by that great authority on English banking, Walter Bagehot.

That the experience of the last ten years, which has included such confused, difficult and complex problems as well as such an unprecedented rate of Canadian growth and development, should require so few major changes is a tribute both to the wisdom of our predecessors in parliament and to the skill and integrity of those responsible for the operation of our banking system. Canada has been well served both by its central bank and by its chartered banks. Doubtless there have been faults in the past, and faults of degree or of timing can hardly be avoided in the future, for banking and monetary management will always be matters of skill and judgment and a careful assessment of risks.

Whether we look back 10, 50 or 80 years, I think we can be proud of the Canadian banking system which has developed with

the country, adapted itself to our own conditions, learned from its past mistakes, and steadily expanded in size, strength and flexibility, and in the confidence it commands both at home and abroad.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I am sure we all listened with great interest to the minister's review of the situation. We can agree fully with him as to the importance of this measure, and we can agree also with the wisdom of having this decennial review.

I understand it was established some short time after confederation when it was felt both by the government and the banks that it was well worth while to have this periodic review in order to assess what had been done, to take stock of the situation, and to see what changes required to be made.

The review of ten years ago contained a good deal of spirited argumentation not merely because there were some views from the gentlemen on my far left, but also because on the government side itself very strong views developed among some of its members as to the inexpediency of some of the provisions of the act.

I shall not deal at any length with what the minister said today. The points he raised will naturally come before the committee. I agree fully with what he said at the conclusion of his remarks, namely that the two important things in the bill are the cash reserves and the new powers to make mortgage loans. Without pursuing the matter further, may I say that I was struck with what seemed to me to be a superficial inconsistency. I stress the word "superficial", because it may be that in committee I shall be constrained to change my mind. I notice that the minister on the one hand said that he was not in favour of fixing any limit in connection with mortgage loans to be made by the banks. That emphasized what had been in my mind already, namely just why in the matter of the cash reserves it is felt necessary to become more rigid and mechanical. I raise the question as to the ratio of reserves which, through the practice of decades—one might almost say of centuries—has proved a satisfactory working arrangement. Why does this now need to be altered in the way proposed? But that is a matter for the committee.

Any temptation I might have had to indulge in a historical review I think has been entirely swept away, because the minister himself has given us a good many interesting points in connection with early banking. There is only one point I wish to make. Though in fact I think our banking system may be said, in the main, to follow the Scottish system, nevertheless I read to my interest in the Macmillan report:

> It is generally agreed that the Canadian banking system is a direct descendant of the first bank of the United States . . .

I read that with interest. The report goes on to say that in the charter of the Bank of Montreal, which was the first charter, actually a considerable amount of wording from this United States bank charter was to be found. I mention that fact purely as a matter of interest.

The minister has also dealt with the disappearance of the double liability which used to be such a great feature of our banking system, and has explained that it has disappeared as the individual bank notes have disappeared. I recall one interesting historical point. When the banks were free to issue notes there was a special provision by which they could increase the note issue for the moving of the wheat crop, for which privilege, incidentally, they paid a special tax.

As we pause for a moment to reflect on our banking service, it seems to me to be worth while to remind ourselves what an amazing service it really is, if you take time to consider that we can send money almost anywhere in the world practically instantaneously, even by telegraph if we wish to do so, and that it costs us nothing but a four-cent stamp—no, I mean a five-cent stamp—to send a cheque, when we pay by cheque. It seems to me that the service is one that we have become so accustomed to that we forget actually what an amazing convenience it is that almost within a stone's throw of each of us we have a fully equipped banking service which can do business for us anywhere in the world.

In the second place I think we are fortunate to have 11 competing banks. The minister has already referred to the new bank that came in this year, namely the Mercantile Bank, with a Dutch background. I think we are fortunate to have this addition to our financial equipment, because actually they bring in a background of experience somewhat different from that of our own banks. Of course behind regulating, advising and sometimes virtually controlling the actions of the chartered banks, we have the Bank of Canada which has now been in existence for 20 years and which has rendered services that we all know about.

I want to say a word about one aspect of our banking system which I think is of vast importance, namely our branch system. We realize that it was a tremendous strength

to us in the early thirties when United States banks were going down like ninepins. In our system of a small number of banks with a large number of branches we are really like an army with many divisions, with a general reserve available for all. Although legal arrangements have strengthened their position in the last few years, the United States banks at one time really had to carry their own reserves, with the results that we saw only too unhappily in 1932. Of course it was a well-known fact that many United States banks which then had to close their doors had plenty of assets but were not able to realize them quickly enough.

I now want to add a sentence or two about early banking in order to recall to our minds that in the beginning, banking really was just custody of property. Men of reputation and probity were asked to take care of the valuables of other people. That was the way it began. To deposit merely meant leaving valuables with a dependable person. Next came discount; that was the purpose of bills of exchange. Then last of all there was the question of issue, and along with it came the development of payment by cheque. All of this was completed by the end of the seventeenth century and that virtually set us up with banking as we know it today.

As I say, the business of banking began with deposits. The lifeblood of banks is deposits. We cannot walk a hundred yards in any of our cities without seeing advertisements urging us to deposit our money in banks. As we know, that raises questions which I do not propose to delve into here. I am not going to pronounce judgment as to whether we lend deposits or the proceeds of deposits. Those who have the time to read the proceedings of the banking and commerce committee of ten years ago will find that that was a question which was argued at that time. The one thing I wish to stress is that the conception we seem sometimes to run across, namely that the banks have piled up in a corner huge amounts of money that they might lend if they wished, is something we must get away from. We must try to clear our minds, at any rate, and to remember that deposits are liabilities of the bank.

If you take any bank statement, here is what you will find. I have here the statement of one of the larger banks. If you look at the asset side you will find first of all that there is some $600 million cash or its equivalent; then there are $1,700 million of government and other securities. Following that there are some $700 million of current loans. On the other side, the liability side, you will find a liability which overshadows all other liabilities—indeed it is about nine-tenths of the whole of the liabilities—namely the deposits, amounting in this case to $2,527 million. I am just raising this point, Mr. Speaker, because it seems to me that we should try to have a clear view as to what is the situation when we talk about loans.

I want to say just one word about credit. Much excitement has been caused from time to time by misunderstanding of the banks' function of creating credit. Banks do create credit. I want to read a brief word on credit from the budget speech of Mr. Dunning in April of 1939. As reported at page 3144 of *Hansard* of that year he said:

> The policy which has been followed has been one designed to expand money and credit as rapidly as the needs of the public require, but not so rapidly as to create an unhealthy, speculative expansion which would be bound to end in a serious depression.

What really happens is that when banks create credit, what they do is, as it were, to turn into money, in advance, goods which are going to be created. Let us consider the situation, for example, in the fall of 1939. We all remember what the position was then. There had been a good deal of unemployment. Then we ran into a situation where goods were needed, materials were available, labour was available and purchasers were available. Then what do we find? We find that in the autumn of 1939 Mr. Ilsley brought in a budget in which he indicated that there was going to be $156 million—I think that is the figure—of a deficit deliberately incurred because it was necessary to stimulate business and get things started.

Let me give a simple case. You have a man who owns a stone quarry. Nearby is a line of railway which needs rock ballast. The owner of the quarry goes to the bank and states his case. He has the material and he has the labour. Transportation is available, a market is available, and he wants to borrow $100,000. The bank examine the situation. They have expert, skilled people who are able to estimate potential value. Let us assume that the bank considers the potential new wealth sufficient for repayment and a loan is granted. What is the result? The result is that the bank's assets and liabilities are both increased by the amount of the loan. On the asset side is the borrower's note; on the liability side is the new deposit. If the stone quarry succeeds the note will be repaid, which means that the wealth which has been created has, so to speak, caught up with the credit which was created in order to enable it to be done. Always, of course, the bank

must have regard to its cash position, to its cash reserves held by itself and with the central bank.

There is another point I should like to make. The only way the banks have to earn money is to make loans. They are in business to lend as much as possible. That is the only source of their income. Sometimes people talk as if, somehow or other, the banks did not want to make loans, as if they were holding back and sitting on large sums of money which they did not want to lend. Of course that is absurd. The average bank manager wants to have his loans just as large as he safely can. The view is apparently held that in some way or other the banks can, by some magic process which I have never been able to understand, go ahead and really take the place of government. I want to read an extract from a speech made the other day by the hon. member for Winnipeg North Centre (Mr. Knowles) and also one from a speech made by the hon. member for Assiniboia (Mr. Argue), both of whom we often hear in the house. The hon. member for Winnipeg North Centre said, as recorded at page 2660 of *Hansard* for March 4:

> . . . public ownership and control of the commercial banks is necessary if we are going to have complete control by the people over fiscal and monetary policies. We recognize and contend that those who control fiscal and monetary policies exercise tremendous control over the lives of our people.

The hon. member for Assiniboia said, as found at page 2661 of *Hansard* for March 4:

> . . . there is no assurance that when the nation is facing the possibility of a recession the chartered banks will do that which is in the interest of the nation at that time, namely, make the borrowing of money easier.

I want to make one or two comments on these statements because it seems to me they are all wrong, and that there is no justification for the views put forward. There is no justification for the view that the banks are going to hold back. But if I were the head of a bank I would not want to have to explain to the hon. member for Assiniboia, who is a big, strong fellow, that I had made so many bad loans I could not repay his deposit. In other words, when a banker is making a loan he has to have regard to his liabilities, particularly his cash, when he has a liability to a big, able-bodied man. I ask most seriously whether the hon. members to whom I have referred have thought this matter over in a really serious manner. I have tried to think it over, and I present my views for what they are worth.

I have tried to ask myself what would happen if the banks were nationalized. Let us imagine the banks nationalized. What happens the next day? You have the same men presumably, the same assets presumably, and very little change in personnel. The bank managers will be reporting to the same seniors to begin with, at any rate, but I submit that a change has taken place. I submit that we now have men who have become civil servants, who are subject to rigid legal requirements and strict regulations and are liable to criticism if they depart from them in any way. As far as these men are concerned, I suggest that actually it will probably not be easier but harder to get loans. I suggest there will be a new rigidity coming into the situation.

The other day I was struck by something said to me by a senior and very able official of one of the crown companies. He has come to his post from private business, and he said to me, "People come to me and want to make deals with me". He said, "They suggest to me that after all I need not be very tightly bound by legislation and that I could use my discretion". He said, "I cannot; I am bound by legislation". I think he was right.

In my own mind I was trying to compare his very senior position with that of the general manager of a chartered bank. He will have regulations to guide him, and of course he has a board of directors to whom he is responsible; but I suggest that he is a very much freer agent than my friend, the senior official of a crown company. I suggest that within a reasonable range he will be expected to use his discretion. Indeed, if he were tied and afraid ever to step a little to the right or to the left of strict regulation I suggest that his board of directors would tell him that he was not the man for their money at all. They would expect him to take responsibility and, as I say, to use his discretion.

That is the situation on the one side. Incidentally, so far as nationalizing the banks is concerned, I am going to point out in a moment that the socialists in England are apparently entirely cured of the desire, which I think they did have 20 years ago, to socialize the joint stock banks.

I want to come back to a second and what I think is a worse danger on the other side. I refer to the danger of political interference. Let us be candid and honest with each other. Let us assume there is a large company operating in a small town where it provides most of the employment. Let us suppose it has got into real difficulty and let us imagine the situation with the chartered banks as they are now and if you had them under government auspices.

If you have proper management of the chartered banks, as we have now, what will you find? You will find that there is every desire to help that company if it can properly be done, but nevertheless you will find that in the last analysis the matter will be decided on sound business principles because the officials of the bank always have in the back of their minds the strong obligation they owe to the depositors whose money they have. Now let us assume that you have the banks nationalized and let us assume, as I say, that you have this business operating in a small community where it is vital to the lifeblood of the community. Am I being unfair, am I being cynical if I say it is just not possible that the local member of parliament will not be approached and pressured to see that that company gets its loan? As a result the transaction will not be carried out on the basis of strict business principles.

Therefore it is my feeling that you would have two undesirable factors. First of all you would have an area in which there is rigidity, and in which loans will perhaps not be made as freely as they are now. Second, you would have an area which politics would certainly try to invade. I need not say that if loans are made on political principles I would be prepared to predict disaster in the end.

Here I mention again the English socialists. The Bank of England was nationalized. I have no criticism to make of that. I think the control of credit should be, as is the case in Canada now, in national hands. But the Bank of England, just as the Bank of Canada, does not engage in the conduct of ordinary business. It leaves that to the joint stock banks of England. They are not interfered with in their ordinary operations by the Bank of England. The English socialists have accepted that. I was talking to a well-informed economist from England the other day, and he said he thought the English socialists believe it is a good thing to have competition among the joint stock banks.

I submit further that in those two extracts I read from the speeches of the hon. member for Assiniboia and the hon. member for Winnipeg North Centre what they really wanted, whether or not they intended it, was the chartered banks to step outside their own prerogatives and undertake what is the business of the government. If business has to be stimulated, if projects have to be carried on which will stimulate activity, that is a matter for the government and not for the chartered banks. The banks are there to safeguard the interests of their depositors and, within that proviso of course, to make loans just as freely as they possibly can.

I want to say a word or two about the conditions facing our banks today, because it seems to me that they may be in difficulty. We have had 15 years of boom. Prices have been going up. Nearly everybody has made money, although failures are beginning to show up now. The banks have had really a rather easy time, you might say. It is always easy when prices are going up, provided they are not soaring in a wild, crazy fashion. As I say, the banks have had a rather easy time. Whether or not it is going to continue to be so easy we are not so sure at the moment. There is hesitation today. There is fear of what might happen in the United States. In the United States it is being said that March is their deadline. The other day our own Acting Prime Minister (Mr. Howe) said this was an anxious time.

I want to take just a moment or two to indicate what I think are the processes of mind through which a banker goes when he is making a loan. He has, of course, to study the business. He must have a complete knowledge of the conditions affecting the borrower. I want to read just a word or two from an article appearing in the *Globe and Mail* of last Saturday by Wellington Jeffers pointing out, in what I thought was an interesting way, the extent to which the banks had organized themselves in connection with the new loans to which the minister referred this afternoon and to which section 82 will relate. He said:

> Some of the main banks have developed complete organizations for geological and statistical study of every new field and of the operations of companies working in it. They have their own geologists and a banker on this sort of work soon becomes one of the chief experts. All this organization is to enable the banks in this booming but speculative business to decide where loans would be justified because of hopeful operations and for the protection of the money loaned.

Then he goes on to say:

> The geologist of one of the great New York banks told me that this is one of the active lending sectors of United States banks and is based on geological studies which can now make clear in a proved, developing field how much oil or gas is below the ground just as much in many cases as though they were stored above ground.

This interested me, because it seemed to show at once the thoroughness and initiative which banks do show in helping the development of business in a country.

The banker must know, of course, in the case of a manufacturing business what is the productive capacity of the total industry in Canada, so as to be able to judge what competition his borrower is going to have. He must know something about the home

market, the export market and competitive conditions both at home and abroad. He will be concerned, for example, with a remark made by Mr. Muir of the Royal Bank the other day. He said:

> Startling and unpleasant as it may be, however, there is evidence also that Canada is tending to become a high cost economy in which natural and artificial barriers prevent us from achieving the degree of flexibility and mobility required for orderly adjustment. One marked evidence of this inflexibility is to be found in the failure of retail prices to reflect the general fall, since 1951, in the prices of raw materials.

He will be concerned with another remark made by Mr. Muir to this effect:

> It was with this possibility in mind that I felt obliged last year to voice some doubts about the permanence of a prosperity built so largely on the "treacherous sands of consumer credit".

I am just trying, Mr. Speaker, to indicate how, as I see it, the banker views his business and the extent to which he must be an expert in conditions today. When I say "banker" of course I am thinking not only of the branch manager but of the senior officials right to the top, where he gets the most expert assistance available.

He will also have particularly to consider conditions in the United States. Are our prices really higher than those in the United States? Is it true that United States tourists no longer buy our goods when they come here because the prices are so high? Then he would, of course, consider the question of the premium on our money; that is a problem. It is a problem which, of course, is costing our manufacturers and exporters a great deal. For example, the newsprint people get paid in United States dollars and then have to take a sizeable discount. The same condition applies to other industries as well. This condition curtails exports and stimulates imports. It flatters our ego, perhaps, but it picks our pockets a bit, too. It is brought about by the fact that the interest rate is lower in the United States, and that stimulates borrowing in New York. Competent people fear that this premium may stimulate borrowing causing it to go higher, and that would act as a brake on business.

I repeat that the stimulus about which we are talking, and about which the hon. member for Assiniboia (Mr. Argue) talked particularly, must come from the government and not from the banks. The banks have their proper duty to perform, but it is not that of a government. I want to say, too, a word about money management, though of course that is primarily the concern of the Bank of Canada. I do not believe it can be stressed too often that the only safeguard we have is the wisdom and foresight of the people in charge of the Bank of Canada and their power, if necessary, to withstand political pressure.

This raises the question I raised at the time we dealt with the Bank of Canada Act. It is a difficult and perplexing question, I admit, but could we have some kind of automatic check put in the Bank of Canada Act? There was such a check in the original act, but it has been nullified by subsequent legislation. Were we wrong when we put it in the Bank of Canada Act? Is it true that any check becomes meaningless when we go into the business of managing money?

I believe that it is a very important question for the committee to consider. Should there be some kind of check? Should there be some way by which the Bank of Canada, if it wished to take a stand against government policy, could do so? Let us assume that a time arises when the government is under great pressure, as the United States government has been. They started in with what they called a hard money policy, but they have taken flight from it so far as I can make out. They have had to put the shoe on the other foot. The Macmillan commission, composed of thoroughly able men, recommended a check. The question is whether the committee should come back with a recommendation that some check should be provided.

It is fair, I think, to remind ourselves that money management is a tricky business. We had a good deal of experience with it in 1946 and 1947, and later when we were managing our money to the extent of fixing the value of it rather than leaving it free. We remember that in 1946 the dollar was put back to par at a time when subsequent events showed it was not worth par. We remember that in 1947 we lost $1,150 million in reserves. We remember that in the autumn of that year drastic action was taken, what some of us called legislation by radio. We remember that a prohibition against certain imports was imposed, and I think it is fair to say also that these drastic restrictions gave an amount of protection far beyond any tariff. It was absolute protection, and it stimulated the development of certain industries in a rather extravagant fashion. It may be that, in the long run, it was not a very desirable thing. These restrictions were finally removed, but by that time we had these industries which had been built up under this absolute ban on imports.

There is one other thing to which I want to refer because it has always amazed me, having regard to the main concern, and that is that we went through a period here when there was a belief we could control interest

rates. When I look back to the men concerned, for whom I have great respect, it is almost impossible for me to realize how they got themselves into that state of mind, but they did. I want to read briefly into the record a statement made in October, 1945, in connection with the sale of victory bonds:

> Of course, when you buy victory bonds you don't know for sure just when you may need to turn them into cash. Perhaps you will wait until they mature.

I should say this statement from which I am reading was an official statement and has in it statements made by the then minister of finance and one of the senior officials of the finance department.

> Perhaps you will wait until they mature. Perhaps you can't wait that long. What happens then?
>
> Most Canadians know the answer to this question. They know victory bonds can be turned into cash at any time. To meet temporary needs for cash, they can be used as security for a bank loan. To meet other needs, they can be sold through any bank, investment dealer, stock broker, or trust company. The current market value of the bonds, with interest up to the day of sale, is paid to you while you wait. It's as simple as that.

And then I shall read the statement from the bank, which says this:

> Government bond prices reflect the level of interest rates. A decline in bond prices could happen only if interest rates were to rise. In my opinion, the needs of the future will require and enable the kind of monetary policy which has brought about the current level of interest rates. Continuance of this policy means stability in victory bond prices.

Having read that, hon. members will not be surprised to learn that many people went about saying the treasury had positively made the statement that 3 per cent bonds would not go below par. It was the easiest thing in the world for a salesman, in view of what I have just read, to go one-tenth of one per cent farther.

I think it was in January of 1947 when bonds were allowed to go down two or three points in price. They had been at 105, and they came down to around 102. I was travelling with a man who was quite well up in the bond business in Toronto. Referring to this drop in the price of bonds I said to him, "Is nature going to be allowed to take its course?" He said, "Perhaps; but of course, bonds cannot go below par." I said, "Why not?' He said, "Because Mr. Ilsley said they could not." I said, "I do not think you will find that Mr. Ilsley did say that." Here was a man with some competency in his profession who held that view.

I have said just a word about the minister's remarks on increased reserves. I think I should add no more on that. The matter will come before the committee in due course.

Another point we will have to discuss in committee is that of convertibility, and I think I need not add anything further on that point.

As to the new provisions concerning mortgage loans, I think that has been fully discussed and I shall say nothing further about it, except that it is so long since liquidity was considered a matter of any importance that I feel that, while we expect the banks to co-operate fully—and I am sure they will, so far as they can—on the other hand, simply because we have gone through so many years with liquidity, practically so remote that it was like a subject that is discussed only in textbooks, we should not allow ourselves to forget that the primary obligation of a bank is to be able to pay back its depositors. We must keep in mind that these restrictions were put on by men who were considered wise and prudent in their dealings, and that they have prevailed for many years.

The governor of the Bank of Canada said frankly the other day that for some time he had held the opinion that banks might be allowed to make mortgage loans. Nevertheless I hope we will never reach the point where pressure is put on the banks to go beyond that point which they themselves consider prudent.

Having said this I think, Mr. Speaker, that I shall permit the matter to go to the committee.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, as has already been said, the decennial revision of the bank charters act and, of course, the motion now before us, together provide an opportunity for the house to make some review of the policies followed by the chartered banks and to suggest such improvements and changes as from the experience of members of the house and the country generally would seem to be desirable. That is the purpose of the decennial review of charters.

I am going to say at once that the Canadian banks have a very impressive record of efficient management, of safety and of profit to their shareholders. I shall offer some criticism of their operations in relation to the public and national interest, but I shall keep what I have just said in mind, because I think one should do so. In discussing this measure I shall not refer specifically to the criticism made of the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member for Assiniboia (Mr. Argue)

by the hon. member for Greenwood (Mr. Macdonnell). I think he will see in what I am about to say an inherent defence of what they said the other day.

Traditionally the concept of the responsibility of the commercial banker in this, as in other countries, has been a relatively simple one. That is, his responsibility can be considered to have been, in his view, a comparatively simple one. In the past it was generally recognized and widely accepted that the banker's responsibility was, first, to safeguard the interests of the depositors and of the institution itself. And this, I say at once, Canadian banks as a whole have done well. His second function, he considered, was to use the proceeds of the deposits to make loans and investments calculated to give the best results to the shareholders of the banks.

Hon. members will note that I said "to use the proceeds of the deposits", not necessarily the deposits. For I have in mind the undisputed fact—which I am sure the hon. member who has just taken his seat and the Minister of Finance (Mr. Abbott) will not dispute—that loans from banks, or a bank's ability to loan, to put it in perhaps a better way, are both only in part based upon deposits, and as well of course on the reserves of the bank, rather than on the actual amount of the deposits. That is, loans are not limited to the actual amounts on deposit in the keeping of the various banks. In other words, banks do create credit. I think that is generally agreed.

In modern times, then, banks have not loaned moneys actually deposited by the public; rather they have based the extent of their loans in relation to their deposits and reserves. In other words they have created credit and created new money several times in excess of the actual funds in their possession, if you consider credit to be a form of money, knowing that at no one time would all the depositors demand the repayment of all their deposits but only a fraction of them.

This bill, like the Bank of Canada Act we discussed a short time ago, restricts these privileges to a greater extent than heretofore under our legislation. As has already been said, the safety of the Canadian banking system has been largely due to the fact that it developed into a branch banking system with such risks as existed spread not over a single community, or even a single region, but spread over the whole country. I believe this is preferable to the United States system of setting up independent local banks. The safety that springs from the system in use in this country is, of course, the justification for the branch banking system.

The twofold responsibility assumed by the commercial bank manager is still regarded as being the principal responsibility today. However, changes in economic conditions have imposed upon the banking system a much wider responsibility to the public than heretofore was dreamed possible.

The great depression of the 1930's concentrated public attention—and I believe for the first time to any extent—upon the importance of the monetary system and its effect upon the general economy. It is now recognized that the banking system has a major responsibility in regulating the flow and direction of the nation's credit. That is why Canada, in common with many other countries, established a central bank; to give some over-all control over the system.

Now, the failure to provide proper credit regulation can be reflected of course in the fluctuation of prices, in the general condition of industry, in the condition of employment, in agricultural production and so on. In short, there can be general economic instability if there is failure to provide proper credit regulation.

Before the Bank of Canada was established the government could make advances, as the minister stated this afternoon, under the finance acts of 1914 and 1923, to the chartered banks in the form of Dominion of Canada notes against deposits made by the banks with the minister of finance. I think that is largely the genesis of our central banking system. Those deposits were in the form of securities approved by the minister and, as the royal commission on banking and currency in Canada said in their report issued in 1933—and I quote their words—it was entirely a matter "left to the discretion of the banks as to what their cash reserves would be" in relation to this.

The result was that they extended their bases of credit—and this caused a great deal of discussion in the early thirties—in periods of inflation and contracted them when depressed conditions should have demanded an increase in credit facilities. This was demonstrated very clearly in Canada between, we will say, 1925 and 1935, when for a few years we experienced a boom when credit was pretty easy, followed by a depression when things tightened up drastically. That concentrated public attention upon this problem probably to a greater extent than anything else could have done.

Today the regulation of the ratio between a bank's cash reserves and its deposits or liabilities is controlled by the Bank of Canada, and thus bank credit, the instrument which carries out, as we said the other day,

the monetary policy, is largely laid down and controlled by the federal government. So it is no longer regarded as a matter of concern only to the individual bank in relation to its obligations to its depositors or to its own shareholders; it is now a matter of national interest.

Let me repeat what I said when I discussed the Bank of Canada Act the other day. The banking system has become, through the Bank of Canada operations, the instrument of monetary policy decided upon by the government. I want to repeat that. Yet, and here is the paradox, the actual financial decisions which affect public welfare are still in the hands of the private chartered banks. They decide how they shall meet demands for credit made upon them by various sectors of the economy, or indeed if the demand which is made upon them shall be met at all. The final decision is with the chartered banks, not with a public authority.

Because of the nature of the Canadian economy, consisting as it does so largely of primary and seasonal industries, the requirements for credit make the consideration of both short-term and intermediate-term credit a matter of primary concern, particularly to our primary industries. Take agriculture and fishing as examples. The farmer or the fisherman is dependent most of the time upon bank credit to carry him until he can realize on the sale of his products. That is particularly true of the farmer.

This kind of credit, or the issue of it, the granting of it, is entirely in the hands of the chartered banks and is a matter for their sole decision and judgment. Only in the larger industries which are able to finance out of their accumulated reserves is there less need to depend upon the chartered banks. I believe there is abundant evidence over the years to prove that in time of special need the chartered banks have failed to meet the important credit needs of agriculture and other seasonal and primary industries. Yet these are of fundamental importance to the Canadian economy.

Mr. A. F. W. Plumptre, formerly professor of economics at the University of Toronto, and I believe later an adviser on finance in the Department of External Affairs—

Mr. Abbott: And about to be an official of the Department of Finance.

Mr. Coldwell: About to be an official of the Department of Finance.

Mr. Knowles: Is this a notice of his appointment?

[Mr. Coldwell.]

Mr. Coldwell: He stated in his discussion of central banking in Canada, at page 124:

> The most distinctive feature of the Canadian system is the relatively small extent to which the Canadian banks engage in agricultural finance. They have customarily left the field of long and intermediate credit in rural districts almost entirely to other financial institutions, and have themselves provided little but the seasonal needs of their rural clients.

I think that is equally true of fishermen. The fact of the matter is that farmers have succeeded in obtaining anything close to their short-term credit requirements only after government guarantees against losses have from time to time been given to the banks. That is the point I want to emphasize. This was recognized when the Farm Improvement Loans Act was passed in 1944 to provide short and intermediate credit for farm improvement and development. The act, we were told, was designed for the purpose of assisting "the average farmer who ordinarily would not be able to obtain bank credit for these purposes," and here I quote what was said at the time.

Under that act the government guaranteed losses up to 10 per cent of the total of the loans made by the banks. From the time the act became operative until December 1, 1952, the losses on those loans was only ·01 per cent. That is to say, there was a loss of $1 for every $1,000 loaned under the act. I think that is a very impressive record. Thus the government guarantee of 10 per cent of the total loan meant that there was very little likelihood of the banks losing one cent under the act.

The other primary industry I mentioned was fishing. The fishermen have been unable to obtain short or intermediate-term credit, either from banks or from mortgage institutions, mainly because they lacked the necessary collateral.

In 1944, section 88 of the Bank Act, to which the minister referred this afternoon, authorized the banks to lend money upon the security of fishing vessels, fishing equipment and even the catch itself. But the authorization to lend under the act is one thing and the making of the loan or the securing of a loan is quite another thing. Parliament may authorize, but the banks make the final decision in what they conceive to be the interests of the banks and their shareholders rather than of the industry.

Mr. MacInnis: And of the country.

Mr. Coldwell: And of the country. Mr. Ilsley, referring to the provision for such loans when it was brought up before the house, recognized this fact and I should like

to quote what he said, as reported on page 2560 of *Hansard* of 1944. He said that it would be necessary to—

—enact a companion measure somewhat similar to the Farm Improvement Loans Act—

I skip a few words.

—which will enable the government to give a limited guarantee in respect of loans made by chartered banks to fishermen.

He recognized that point. I do not know why, and I did not remember it until I began to prepare my notes for this discussion, but the suggestion of the minister of finance was never adopted by the house or by the government, with the result that the banks have not assumed the risk themselves of advancing necessary credit to this industry and the industry has had to go without necessary credit.

Generally speaking, these primary industries of farming and fishing have had to be assisted even in obtaining long-term credit through legislation and by government guarantees. The banks have not assumed the function which they should have assumed. I have in mind the Canadian Farm Loan Act and the Canadian Fisherman's Loan Act, both administered by the Canadian farm loan board. I am not criticizing the banks in this latter respect with regard to long-term loans because they have been prohibited by law from lending on long-term mortgages, as the minister said this afternoon, ever since the first bank act was adopted by this parliament in 1871. What I have been referring to was their failure to provide the most essential intermediate and short-term credit when it was required.

Let me give a further illustration of the point I am making that only one type of pressure was used on the banks to make them accept even effective government guarantees against the losses which might have arisen when they agreed to meet certain important credit needs. The example I have in mind is the Home Improvement Loans Guarantee Act of 1937, which was passed when the Minister of Finance (Mr. Abbott) and I were both new members in this house.

In 1944 the late Dr. Clark told the standing committee on banking and commerce, at the time of the last decennial revision, as reported at page 1366 of the proceedings, which I will summarize, that all the pressure possible had been used on the banks to make housing improvement loans and other loans to create employment, and that only because of this pressure did the banks make the loans that they would not normally have made.

It was clear from what Dr. Clark stated at that time that the banks yielded to this pressure because the act provided that the federal government would guarantee losses up to 10 per cent of the total amount of loans made by the banks. The banks incurred few if any losses, and such losses as did arise were covered by guarantees under the legislation. Dr. Clark's evidence can be found at page 1366 of the report of the committee's proceedings, and I would like to quote him directly from the record:

Our total losses up to date have been just a little over three-quarters of one per cent. I think the figure is ·8 per cent. The loans are nearly all paid off. There is perhaps one or two million dollars of the principal still outstanding so even if all the rest of the loans were not recovered, if we did not recover a cent in respect of them, our total losses would be of the order of 2 or 2½ per cent, I believe. Actually we will recover a very substantial proportion of the amount of principal still outstanding so that the total loss ratio will be very low.

My purpose in referring to and reading this evidence is to show that without guarantees the banks would not advance credit to those people who were creditworthy, nor would they make loans to such people without specific government guarantees against loss.

We have often heard of private enterprise in connection with our banking system, but the banks required government guarantees against loss, thus eliminating the risks we are told the bankers take in making loans. Indeed, throughout the period under discussion at the moment the banks failed to meet the credit needs of the country or to take the risks they formerly undertook without guarantee.

Mr. Macdonnell: Would my hon. friend permit me?

Mr. Coldwell: Yes.

Mr. Macdonnell: Would he agree that in the years preceding these measures he refers to very heavy losses were incurred in that respect?

Mr. Coldwell: Yes, there were some heavy losses incurred during the early depression years, but may I just add that these losses were in no small measure due to lack of control through legislation over the chartered banks. I believe the inquiry into the chartered banks of Canada undertaken by both a royal commission and at the decennial revision of the Bank Act of 1934 will clearly indicate that.

As I said, however, I am not criticizing this feature. At one stage the government of Mr. R. B. Bennett, by means of a secret order in council—and the hon. member for Quebec South and the late minister of finance, Mr. Ilsley, were both members of the opposition which dragged it into the open to the surprise of this house and the

country—allowed the banks, because of the position in which they had landed themselves in 1930, to value their securities at an unwarranted high level in order to prevent a run on one or two of the major banks. That was the value of the securities prior to a drastic drop in their value.

Mr. Abbott: I think the hon. member will agree in all fairness that conditions during the thirties were partly the result of world conditions, and did not reflect conditions in Canada only.

Mr. Knowles: Does that justify a secret order in council?

Mr. Abbott: I was not referring to that.

Mr. Deputy Speaker: Order.

Mr. Coldwell: It is interesting to hear the minister say that. I read the debates which took place during that period from 1930 to 1935—

An hon. Member: He was not here then.

Mr. Abbott: That was before my time.

Mr. Coldwell: I was not here either. I was referring to the legislation which provided these guarantees. One outstanding example during the period to which I am referring was the $60 million loan made by eight chartered banks to the Canadian Pacific Railway in, I believe, 1933. Hon. members will recall the circumstances and will agree that this was done, as the hon. member for Dufferin-Simcoe (Mr. Rowe) I think will confirm, in order to prevent widespread unemployment at the Angus railway shops at Montreal and in other sectors in Canada. That entire loan was guaranteed by the federal government in 1933.

Again, because of the failure of our banking system in respect to certain phases of industrial development, this house had to take the initiative, and we passed an act placing the government in the banking business when we set up the industrial development bank. It was set up as a subsidiary of the Bank of Canada, which was authorized to buy the securities of the industrial development bank. Why was that done? The government explained very clearly at the time. The minister said it was necessary to supplement the banking system by extending to small and medium-size industrial enterprises the credits they were—and I quote—"unable to obtain from the chartered banks".

Mr. Abbott: Because of limitations on the granting of credit.

Mr. Coldwell: Yes, partly; but what I am getting at is that we saw fit to set up a bank of our own to do what it was generally believed the banks were doing. Here was an admission that either the chartered banks were unable or were not permitted to fulfil the function for which they were brought into existence.

Mr. Abbott: In all fairness I think it should be pointed out—and I conducted the debate—that it was set up in order to supplement the facilities which were provided by the chartered banks on the basis of long-term credits which were available to large concerns but which were not available to the smaller ones, and which were not provided through the banking system at all but through investments.

Mr. Coldwell: That does not upset what I have said.

Mr. Abbott: But we are talking about commercial banking now.

Mr. Coldwell: These facilities should be available to the smaller industries as well as to the large ones—

Mr. Abbott: It was not—

Mr. Coldwell: —and the very fact that the banking system failed to function as it should have functioned—

Mr. Abbott: It was not set up to provide that kind of banking accommodation at all.

Mr. Coldwell: —demonstrates that there was no justification for this particular move at all, if the banks functioned satisfactorily.

But I wish to pass on to another point. I want to suggest to the committee that there is another phase of this whole lending problem which should be given a thorough investigation, and I hope some means will be found of doing that. The banks have failed to meet the needs of the community; therefore we have small loan companies springing up all over Canada, opening up branches in almost every city and larger town in the country. They charge a rate of interest of 2 per cent per month. That is quite legal. They have been doing a huge business in Canada in the past few years. That indicates, I believe, that the chartered banks have not met the credit needs of the public.

One method of meeting the needs of the public would have been through credit unions, but unfortunately the spread of co-operative education and the organization of credit unions has so far failed to fill the gap. However, with more adequate educational efforts and encouragement on the part of governments, I think they could do so to a large extent.

In 1939 the Small Loans Act was passed. This act authorized small loan companies and personal money-lenders to make small and personal instalment loans "on the basis of a charge for interest and other costs of 2 per cent per month for loans extended up to 15 months". The reason the act was introduced, of course—and I say this immediately in fairness—was that it was necessary to regulate a widespread practice whereby money-lenders evaded existing laws relating to interest and usury. As early as 1936, however, one of the Canadian banks, namely the Canadian Bank of Commerce, organized a personal loan department to make loans to wage earners and others who could not qualify for such loans in the ordinary way of business. I often think that if the Bank of Commerce or the other chartered banks doing this sort of business would publicize to a greater extent the facilities they offer, many people who now go to these loan sharks and pay 2 per cent per month would be able to get some help at least from the banks, although the banks do not meet the need that exists.

What was the experience of this new department of the Canadian Bank of Commerce? Mr. Stewart, the assistant general manager of the bank, appeared before the banking and commerce committee in 1944. He showed that loans were made at, I think, an effective interest rate of about 11·78 per cent. Again, the hon. minister's predecessor, Mr. Ilsley, proposed an amendment to the Bank Act to regularize these bank loans with an effective interest rate not to exceed 9¾ per cent. That proposal was dropped. I think it would be well for the committee to question the banks carefully as to their experience with loans of this description, particularly with a view to curtailing or, better still, eliminating the operations of the small loan companies with their extortionate if legal rate of interest. It might inquire into that matter, for I do not remember why the proposal Mr. Ilsley brought in for an effective rate of interest of 9¾ per cent was dropped. I do not remember it, and I could not find the reason for dropping it in my search of the records.

The committee should also consider how the rapid development of credit unions could be promoted, because they operate in a quite different way. They operate among people whom they know and to those who need them they are able to provide loans more on the basis of personal integrity and character than on the possession of collateral which the banks and indeed the loan companies demand. Under a branch banking system I suppose the branch managers are obliged to do this.

Hon. members might look at page 300 of the report of the last banking and commerce committee. I was going to make some quotations from it but I cannot do that. There they will find a fairly complete record of the operations of the personal loan department of the Canadian Bank of Commerce. In the first seven and a half years of operation—that is, up to 1944—Mr. Stewart testified that only one-quarter of one per cent of the loans had to be repaid by the guarantors of personal loans made by the Canadian Bank of Commerce. I believe that bank required two guarantors in connection with these loans. From the reading of the evidence it would appear that up to that time at least the bank really lost nothing under the arrangement.

That the banks are unwilling to extend credit facilities to meet national problems was clearly stated again recently by Mr. T. H. Atkinson, president of the Canadian Bankers Association, before the banking and commerce committee when it was discussing the housing bill to which we gave third reading this afternoon. He replied to a question relating to the financing of housing in these words:

> Such a move would not, I think, have been sought by the banks—particularly at the present time when the chartered banks in Canada are relatively "fully loaned".

If time permits, I should like to say a little bit later something about that statement to the effect that the banks are fully loaned. In his capacity as general manager of the Royal Bank he added, "Certainly in our own case it would not".

I am not going into the question of housing finance under the proposed new housing act, but it should be noted that bank credit facilities to meet this public need are only being reluctantly extended in consideration of the banks receiving ironclad guarantees against any losses under this act. Why is it that the banks have never made any serious effort to meet outstanding credit needs of the country? First, the banks have always raised the question of liquidity when it has been suggested that they are not fulfilling their obligation to the nation. In other words this objection underlines the conflict, which I noted in the discussion of the Bank of Canada Act, between on the one hand the private banks and their admitted obligations to the depositors-shareholders and, on the other hand, what I conceive to be the obligations of the banking system to the public as a whole.

An hon. Member: Six o'clock.

Mr. Coldwell: Mr. Speaker, I have not finished, but this is a good place to break off.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Coldwell: Mr. Speaker, lest I forget or go over my time a moment or two, I am going to move now the amendment that we have in mind. I move, seconded by the hon. member for Kootenay West (Mr. Herridge):

That Bill No. 338 be not now read a second time but that it be resolved that in the opinion of this house consideration should be given to the national ownership and public control of the chartered banks.

Before dinner I was remarking that there appeared to be a conflict between the interests of the public and the interests of the banks when we consider the matter of making loans and providing the necessary credit to the community. Of course it would be foolish for me or for anyone else to deny that there is some validity in the argument that the banks must be in a position at all times to fulfil the demands of their depositors for the withdrawal of their funds immediately or on short notice. The banks must have liquid reserves sufficient to meet such demands whenever they arise. However, the liquidity of the banks has for a long time exceeded anything the most conservative banker of other times ever anticipated.

The reason for this is the long-term decline in the relative importance of bank lending. It is only in the last few years that some recovery has been made, but the ratio of bank loans to total bank assets is still far lower than it was in the earlier part of this century. I say that statement is beyond dispute, as I think I can show.

Today bank loans constitute as little as 35 per cent of total bank assets, while before the first world war bank loans constituted over 60 per cent of total bank assets. This is confirmed by the monthly review of the Bank of Nova Scotia in its September and October, 1953, issues. In the latest annual report of the Royal Bank of Canada the general manager, Mr. Atkinson, after analysing their call loans, government and municipal bonds and holdings of other securities, together with cash on hand, had this to say:

This amount represents what is normally referred to as the liquid assets of the bank and equals 65·42 per cent of the bank's liabilities to the public.

But even this does not tell the whole story of the Royal Bank's liquid position—I selected the Royal Bank only because its general manager appeared before the committee the other day—for it has in addition a reserve fund of $70 million which is twice as large as its total paid-up capital. Then, of course, before net profits are declared appropriations are made by the banks to cover their so-called contingencies. These can be used against bad or doubtful debts and to provide additional working capital for the bank.

Of course it would be absurd even to discuss this matter except that the banks' liquidity is always raised when they are required to undertake certain lending activities. If a bank finds itself embarrassed it can of course always fall back on the rediscounting facilities provided by parliament through the Bank of Canada. The fact that these facilities have very seldom been used is additional proof of the excellent liquid position of the chartered banks.

Throughout the war bank investments in government securities were unusually high. This was because they were used to assist our financing of the war. Since the war bank holdings of government securities have declined. It is difficult, however, to reconcile the facts of the case with Mr. Atkinson's statement that the banks are "fully loaned". I am not naïve enough to expect that privately-owned banks will meet all the public needs which I have discussed, when they consider that their own interests must be their first consideration.

The banks are profit-motivated institutions. Their lending activities and investments, if they coincide with the public welfare, do so rather by accident than by deliberate planning. If it is more profitable and safer to invest in government securities than it is to undertake loans to fishermen, farmers or individual Canadians, then the banks will invest in government securities.

Let us take a look at their net profits for a moment. Their net profits indicate that they have followed principles in accordance with their business instincts. In 1945 the net profits of the Canadian banks were $12,541,408. By 1950 they had risen to $23,429,363. In 1951 there was a slight decline to $22,743,225, but in 1953 they had risen again to $30,386,000.

Mr. Harkness: Is this before income tax?

Mr. Coldwell: No, after. I was about to say that it should be noted that these profits are after full provision has been made for contingency reserves, depreciation and income tax. If we take their percentage of net profits to their paid-up capital, according to the latest figures, which were placed on *Hansard* last Friday, I believe, we find that the percentage of net profits to the paid-up

capital of the three largest Canadian banks, the Royal Bank, the Bank of Montreal and the Canadian Bank of Commerce in 1953 was 24·67 per cent, 19·56 per cent and 19·30 per cent respectively.

The point of my argument is this, that as long as the banks continue to be privately owned their managing officers must inevitably and quite properly continue to give priority to their obligations to their shareholders rather than to the credit needs of the Canadian people. This is the paradoxical position of our banking system. It is expected on the one hand to regulate and provide money and credit to maintain the economic welfare of the nation, and on the other hand its obligations to its shareholders demand that it be operated with the object of producing the highest possible profits. We believe this conflict can only be resolved by bringing the banking system under public ownership. Let me quote from a memorandum submitted to the banking and commerce committee in 1944 by the United Farmers of Canada, Saskatchewan section. They said:

> We consider that as the money and credit system of Canada is actually the heart which must regularly and evenly pulsate to keep the economic body properly functioning, it is therefore too important to the very life and well-being of the nation to be entrusted to private corporations.

Of course it was said this afternoon that a publicly-owned system would perhaps lead to political interference. I think one of my colleagues may discuss, either here or in the banking and commerce committee, the record of that great publicly-owned institution in the Commonwealth of Australia, the Commonwealth Bank, one of the great commercial and now central banks of the world today.

May I conclude by summarizing the concessions the banks have received over the years in order to show that the risk has been taken out of banking, that wherever there was risk the government stepped in and guaranteed them against that risk. First of all we have the finance acts of 1914 and 1923. That was the beginning. They allowed the banks to obtain dominion notes against deposits of their securities with the finance minister. Then of course there was the very valuable privilege allowing them to create all the credits they cared to create without limitation, until the Bank of Canada was established in 1935.

In 1933, as I remarked this afternoon, we had the C.P.R. loan of $60 million by eight banks which was guaranteed in full by order in council. This afternoon I mentioned the fact that when the banks were in a difficult position in the early 1930's another and secret order in council was passed so that the real position of one or two of the banks at least would not be known to the Canadian people.

I am not saying I am critical of that, because had there been a run on those banks there might have been something of a financial panic in the country. In 1937 we had the Home Improvement Loans Guarantee Act, under which loans were guaranteed up to 10 per cent of the total loans made. In 1944 there was the farm loans act which guaranteed against losses up to 10 per cent of the total loans.

May I just remark, because I did not do so this afternoon when I was mentioning this, that it was suggested, as I recall it, by Mr. Ilsley that we should have a fisherman's loan act somewhat similar. I had forgotten that the present Minister of Fisheries (Mr. Sinclair) made a similar proposal in May, I think it was, of last year. This year again, 1954, we have the housing act under which we guarantee 98 per cent of the loans and the provision that the banks can sell their mortgages to the central bank, and I think they hope to sell some housing mortgages to the public. I recall that in 1944, though I could not put my hand on the quotation, Mr. Graham Towers told the banking and commerce committee that in his 25 years of experience in banking, which covered the depression period, the losses of the banks were not more than ¾ of 1 per cent. If my recollection does not play me false he also remarked he had heard bankers say that over the period of Canadian banking the losses of the banks would not be more than ½ of 1 per cent.

My point is this. We guarantee the banks against losses; we eliminate their risks; we allow them to take all the profits that are in the banking business, and we in this parliament take all the risks. Where is there private enterprise in a banking system of that description? Is it not time we took the profits for the people of Canada as well as the risks?

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to say at once that we will not be able to support the amendment moved by the hon. member for Rosetown-Biggar (Mr. Coldwell), chiefly because we feel that it is not in the best interests of the country to nationalize the banks.

When I spoke at the committee stage of this bill I believe I said that I never did take very seriously those declarations that are frequently made that such and such a party would nationalize the banks. The fact is we have heard declarations of that kind for many years in many places. The socialist party have been famous for saying that they would nationalize the chartered banks. They

got themselves in a position to do so in Britain, and backed away from it. They got themselves in a position to do so in Australia, and backed clear away from it. I do not know any place where they have done so.

All down the years, as a matter of fact, so far as I can recall, they have been among the chief supporters of the system of finance that has controlled the banking system, which in turn has controlled the industrial system, in the various countries. The hon. member mentioned the Commonwealth Bank of Australia, and stated that during the proceedings of the banking and commerce committee one of his colleagues would outline the great record of that institution. Well, everyone knows that is not a chartered bank but a central bank. We have one, too.

Mr. Coldwell: It is a commercial bank with branches.

Mr. Low: It is a central bank just like the Bank of Canada.

Mr. Abbott: It is a hybrid. It is both a commercial bank and a central bank. It is unique.

Mr. Low: It is not to be compared with the chartered banks of this country. There would have to be more than a delineation of the record of the Commonwealth Bank to prove that nationalization of the banks would be in the interests of the people.

In any event, Mr. Speaker, what difference would nationalization make? It is not the ownership of the bank that counts but the policy that is followed. In this country we have what is purported to be public control of the chartered banks; that is why the Bank of Canada was set up in 1934. Through it can be exercised any amount of public control to which the government is prepared to agree. The whole thing resolves itself down to a question of government policy, and how far that policy is prepared to go in the control of currency and credit.

I am much more concerned about government policy than I am about the ownership of the banks. Let me say, though, that if at any time the government laid down a specific, comprehensive policy for the control of currency and credit in the public interest, and the chartered banks refused to co-operate in the administration of that policy, then of course it might be necessary to consider nationalization. I cannot imagine that situation would ever arise in Canada. Until it does, then I would not take very seriously the question of nationalization of the banks.

The legislation now before parliament is of greater importance to the Canadian people, in our judgment, than almost any legislation that is ever brought before us. Because they touch so intimately the lives and interests of every Canadian; because the welfare, the security and freedoms of all our people depend so much upon what is provided in the Bank Act and its companion piece the Bank of Canada Act, I believe every member of this house should be sufficiently interested to make a thorough and detailed study of the acts themselves as well as of banking practices and procedure. A thorough study should be made of government financial and economic policy, which must go along with those acts.

Now, those three things, the Bank Act, the Bank of Canada Act and government financial policy, are so closely related, in my judgment, they cannot be separated in any attempt to study the impact of finance upon the Canadian economy and upon the lives and fortunes of our people. I suggest that the success of our work in connection with these important measures this year will depend to a great extent on our approach to them. We shall not get far, nor will we do much of a job for the people who sent us here, if we take for granted that finance is a mystery that no layman can understand, or if we are too ready to believe that we have a perfect banking system.

Let me say right here that I believe we have a strong banking system, and an efficient one and a good one. If we believe for one moment, however, it is perfect we are not going to do much of a job in connection with the consideration of the Bank Act. If we believe that Adam Smith and John Stuart Mill, and perhaps other economists, enunciated immutable economic laws with which our banking and financial policies are in complete harmony, we shall get no place. We are likely to get some place if we approach our studies of these two bills with the assurance that finance is no mystery, except as it is made to appear so by those pundits. If we approach the study believing that there are weaknesses in our banking system that have to be corrected, and if we approach our study from the point of view that the economic laws enunciated by Adam Smith and John Stuart Mill are only economic practices and conventions operating in certain periods of economic development, which are being constantly outmoded by the march of events and the tempo of human progress, then we shall get some place.

Now, when the Bank Act and the Bank of Canada Act are before the banking and commerce committee we intend to give them the most searching study of which we are capable, and a full inquiry, no matter how long it may take. I do not wish to go deeply into the history of banking at this time, but I have

a purpose in wanting to make a very brief, historical statement of the reasons we Social Crediters are so deeply interested in the subject of finance and banks.

The industrial revolution brought about great struggles between nations for markets. During these struggles the internal economies of the nations involved were undergoing tremendous change. The individual industrialists began to find that unrestricted competition among themselves was often a form of business suicide. It was better, they thought, to avoid such competition by amalgamating their common interests, and so monopolies were born. This, in turn, demanded larger and ever larger issues of capital and ever-growing recourse to overdrafts with the banks for working expenses.

The powers of the banks which alone had the right to create financial credit grew rapidly with this change in the internal economy, and became the dominating factor in business everywhere. Industrial capitalism gave way to finance capitalism, and this is now universal in all democratic countries.

It was recognized quite early by great financiers and bankers that the control of industry and of the nation itself resided in the banking system, and that the power of creating, regulating and controlling bank credit made them, in a way, a hidden government, practically overriding and controlling every activity of the national life.

This great fact, with its wide implications and effects, was kept as secret as possible from the public for many years and was, for quite obvious reasons, denied by the banks themselves. Most economists and politicians do not seem to have discovered it to this day. And, except for monetary reformers, —and we include ourselves in monetary reformers—it is still more or less a secret.

With the growth of trade between nations and the need for adjusting the necessary means of exchange, banking became international in its operations, and the great banks of the world became related organizations, functioning to their mutual advantage. This international co-operation of the banks had a parallel influence on the monopolies they controlled through overdrafts and interlocking directorates. These industrial monopolies became international also, and are one of the features of today—the giant cartels and combines appearing in the industries of all countries, and of course levying tribute in peace and war from both friend and enemy.

Canada is within the ambit of these industrial and financial forces, and it seems to me we would be very blind if we did not see these operations around us everywhere. The system I have been describing is often spoken of as the system of private enterprise or capitalism.

This is not, of course, the place to discuss the merits and demerits of the system. But arising out of it are certain manifestations that cannot be disregarded by any red-blooded man who is anxious for the welfare and future of his country. The disparity between the great wealth of the industrial capitalists and the appalling poverty among all the workers in the industrial system some years ago became quite obvious to a large number of people, and gave rise to bitter and, I suppose, in a measure justifiable discontent.

Exploitation of men, women and children in the early stages of the industrial period makes one of the blackest pages in history. No one can read history without being convinced of that. From the humanitarian point of view the system known in that day as capitalism—and I am speaking of the day of the industrial revolution—stood condemned, and there was much revolt against its economic effects on a large proportion of the people.

Out of the revolt that took place against it arose the trade union movement in Great Britain, the regulation of child labour, the factory acts, the fixing of hours and wages and, on the intellectual side, the theories of socialism and the gospel of Karl Marx. These interests got into war with one another, and they have never been reconciled to this day. So even now we stand in a world of economic conflict in which the contending forces of capitalism and communism are striving for mastery.

From the Social Credit point of view it would be tragedy for either side to conquer. We believe that salvation for human beings lies along the middle road that we are following, the road to Social Credit. That is our deep conviction, when we realize that the age of abundance has in reality arrived, providing plenty for everybody. We know that we can have economic security with freedom, which is the first step along the road to the new era of abundance which we seek. We can secure that first step, not by revolution and force but by a new financial concept, the central point of which is making money and credit the true reflection of material facts, and using them and controlling them for the benefit of the whole community.

Now, we think nothing—and I am speaking generally of people in this day—of controlling public utilities such as the supply of gas, the milk supply, electricity, railroads,

and all that sort of thing. We never think of dictatorship or slavery or anything of that kind when we lay down laws and policies to control these things. People today justify themselves by saying that these things touch the lives of the people so closely and affect them so intimately that they have to be controlled in the interests of all the people.

Well, I ask hon. members, what greater utility is there than the supply of money and credit? But when some of us advocate non-political money management in the interests of all the people in the country, there are certain people who jump at the chance to charge us with wanting dictatorship. Actually what we want to do is relieve the people from the great dictatorship under which they have suffered for years.

Sometimes the term "money management" is misunderstood—and I am saying this for the benefit of the hon. member for Greenwood (Mr. Macdonnell). He is a good friend of mine, whose opinion I respect. But I say that sometimes the term "money management" is misunderstood, and perhaps in some quarters deliberately so. I will not say that in connection with the hon. member, because I believe he really believes what he says. I wish to pay him that compliment. However, in order to illustrate what I mean let me point out that Abraham Lincoln is credited with having made this statement:

> The government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. This is the government's greatest creative opportunity.

In that quotation from Lincoln the word "government" needs some amplification. It is not necessary—in fact it may not even be desirable—that government, in the narrow sense of that word, should do the regulating. The point, so far as we Social Crediters view it, is that it must be done by a responsible body of men on the strength of accurate federal statistical information, and it must not be left to chance.

It does not matter, as I say, whether it is done by this body or by that body, so long as it is a responsible body of men. And that could mean the government. It could be carried out by the Bank of Canada, by a special committee appointed by industry, agriculture, banking and government known as, let us say, a permanent monetary commission; or it could even be done by a national banking association under a policy carefully and specifically laid down for it by the government. And in all those cases it would be government-controlled, as we view it.

When it is said that such a task allotted to the government would give it too great powers and perhaps admit of too much political interference, I say that is not true, especially when it is reviewed in the light of the explanation I have just given. The government has greater and more dangerous powers today than that, by far. And for all practical purposes the government can raise all the money it finds necessary for its activities at the present time, mainly by expropriating it through taxation. It can do that through the Minister of Finance (Mr. Abbott).

Surely that is not to be compared with what we have suggested by way of money management. Under the Social Credit proposals, even if the powers were allotted to the government in its narrowest sense—the government being those on the front benches over here, of whom my genial friend the Minister of Finance is a leading member—it would be allowed to create money only corresponding to the power of production, which at any time can be determined with about 90 per cent accuracy by our bureau of statistics.

Whether Abraham Lincoln realized fully the implication of his words I do not know, but they mean in terms of our present sciences that the sum total of money creation must not surpass the sum strictly needed to ensure buying the goods that may be produced and are wanted at any given time. The spending power of the government and the buying power of the consumer strictly limit the powers of government if they take the controlling power. Anything in excess of that would mean inflation. On the other hand, insufficiency would mean deflation and eventual depression and starvation which would require a war to get out of. We do not want that sort of thing.

The bill we are considering is not merely a simple amending bill; it is a revision of the whole Bank Act. Consequently there are many clauses which relate to routine matters of procedure to which I suppose we will not pay too much attention because they have been in operation for many years and have proved to operate and function smoothly. However, there are a few sections which are of particular concern and interest to the country at this time. Mr. Speaker, I hasten to assure you that I am not going to deal with specific sections, except to name the clause and speak of the principle.

Section 75 provides authority for the chartered banks to make loans in connection with housing on the security of insured mortgages. The government expects the banks to put up a good share of the mortgage money which the government has put up in recent

years under the joint loan arrangements with the Central Mortgage and Housing Corporation. As far as I can tell, the banks are not enthusiastic about this authority. Unless they become more socially-minded than they appear to be at the present time they will not be making up the 25 per cent of the mortgage money which the government put up last year. That is my guess. They may do it, and if they do I shall be the first to compliment them. But from what I have seen I would not think that will happen.

There must be additional cash reserves provided to the banks if they are to be able to make any reasonable contribution to housing in the years ahead. How are those cash reserves to be provided? We have suggested already to the banking and commerce committee the way in which those reserves can be provided, and at the same time a fund for low-income housing by which municipalities could service land for housing and build houses at an interest rate of from 2 to 3 per cent. This could be done under some such arrangement as the Municipal Improvements Assistance Act. The only argument against our proposal that we have heard thus far is that it was not government policy. We knew that, but we would like to have someone come to grips with it and show why it would not be good government policy.

Section 82 of the Bank Act authorizes the banks to make loans to oil companies for oil development, taking various kinds of securities including the security of the oil pool away down under the earth. That is quite a departure. In my judgment this provision will go a long way to help oil development in the prairie provinces. I think it is a splendid idea. I wonder why it was not done long before. I had thought it might be due to the fact that we were finding it difficult to get working capital in some places. In my judgment this provision will be of great help.

In the past oil companies with the most excellent prospects have been forced to seek capital in the United States or some other country because of a lack of operating credit here. There has been altogether too much of that sort of thing, but it was inevitable if development were to take place. We should be supplying much more of our own capital for Canadian development—just as much as we possibly can, as a matter of fact. Otherwise foreign control begins to extend itself, and in my judgment that is not good for the country. In fact it contains elements of danger. For that reason among others we welcome this particular change in the Bank Act.

Clause 6 provides for a revision of the Bank Act in 1964. Somehow or other we have got into the habit of thinking that the act should not come before parliament oftener than every ten years. That was answered only partially today when it was said that the balance should be established between stability on the one hand, I think the minister said, and flexibility on the other. I agree that that is desirable, but I cannot see that there is any connection between that desirable balance and having the Bank Act come up for revision only every ten years. I doubt that there is. It is just that we have got in the habit of thinking there is. I think that ten years, which covers the life of almost three parliaments, is too long. Just think of it, it covers most of the life of three parliaments. If we continue with our present practice of a decennial revision, the idea is bound to grow up that the Bank Act and our financial policy are somewhat sacrosanct, or untouchable. I am afraid there is that feeling now in some quarters.

We suggest that the annual statements of the chartered banks and the annual report of the Bank of Canada be referred to the banking and commerce committee at least once during each parliament, and that on each of those occasions a complete review be made before that committee by the governor of the Bank of Canada. In my judgment such a procedure would bring parliament in much closer touch with financial policy than has been the case in the past. I believe the more you think of that suggestion the more it will appeal to your judgment.

At the same time we also press for the setting up of a committee similar to the reconstruction committee which was established by parliament about ten years ago. That reconstruction committee did a good job, and some of its recommendations have been approved by the government. If it were reconstituted it could make an annual or biennial review of the economic situation in Canada. It could make recommendations to parliament, and those recommendations could be related closely to the financial considerations and recommendations of the banking and commerce committee. I believe those are things which we should think of.

Perhaps a most far-reaching change in the Bank Act is made in section 71, which introduces the variable reserve principle. This section must be considered in conjunction with section 18 (1) (o) of the Bank of Canada Act. Section 71 of the bill now before us specifies a floor of 8 per cent on cash reserve requirements, but it does not specify a ceiling. That is interesting. The Bank of Canada Act sets a ceiling at 12 per cent.

We believe that this variability of cash reserve requirements is a step in the right direction, but we think the act should provide for a much higher ceiling. Not that we think we should jump immediately to a much higher cash reserve requirement, not at all; but if the mechanism is there it will prove mighty useful when it is needed. We think that by so doing the Bank of Canada can provide purchasing power to the government of the country with which the government can buy new business activities for the country when they are needed, business activities in the form of housing, highways or slum—pardon me, I must not say "slum clearance" since last week —for substandard housing clearance and so on, to the extent that ordinary commercial channels do not keep economic activities at the highest possible level.

Those who have studied this idea know that such a provision of purchasing power to the government by the Bank of Canada would mean no additional expense to the nation at all. On the contrary, it would save expenses, and particularly taxes.

The two acts now before parliament, taken together and viewed in the light of government policy, have, in my judgment, two serious weaknesses. The first of these is that government policy continues to accept the fallacy that for the goods produced somehow or somewhere enough purchasing power will be brought into existence which will enable these goods to reach the hands of the consumers. But that just is not so. That is a delusion. Under our wages system of distribution of purchasing power, and under the peculiar way in which we finance capital development and expansion, a shortage of purchasing power is always generated in times of peace. It may not occur in times of war because then we give away the top third or approximately 40 per cent of what we produce. It is largely because of the failure of our present system to distribute mass-consumer purchasing power in sufficient quantities to make it possible for people to buy back what they produce that periodically we find our country as a whole with what we call large surpluses of production with consequent unemployment, recession and possibly depression.

There are many authorities today to testify to the truth of that statement. I shall not spend time quoting all of them, but I would like to quote one who spent 18 years as head of the economics department of one of the great universities in the United States, the University of Texas. At page 33 of his book "The Divine Right of Capital" he said, speaking of our economy:

> It fails to distribute mass-consumer purchasing power in sufficient quantity to permit the entire product of industry to be purchased. This failure exists at all times under capitalism and is noxious at all times.

That is a quotation from Professor C. E. Ayres, who as I have already said was head of the economics department of the University of Texas. He is only one of many who have testified to the shortage of purchasing power generated under our present system, and if we look around and take cognizance of our economic history we will observe over the years a succession of booms and slumps in times of peace which, in time of war, disappear because we are giving away the top third of all our products. Perhaps instead of saying it has disappeared I should say it is negatived, because it is generated in wartime as well as in peacetime although we do not see it in wartime because we give away part of that production.

When we go into a slump the one way to get out of it short of war is to increase the mass-consumer purchasing power in the country. No other factor will accomplish this task, as far as I can see. There cannot possibly be real security with freedom for all our people, no matter how great our Canadian productive capacity may become, unless and until government financial policy recognizes the shortage of purchasing power generated under our present system of distributing that purchasing power and financing plant expansion and renewal of heavy industry.

Before I deal with the second weakness to which I have referred I would like to say a word about the minister's speech this afternoon. I wish to thank him for the attention he obviously paid to what I said on March 4. The minister observed that while he did not agree with the emphasis I placed on fiscal means, yet he found what I said of some interest. I thank the minister for that. Perhaps I did not make myself quite clear the other day, but I certainly meant at any rate to recognize, and I do recognize, a number of non-monetary factors as well as monetary ones which do have an effect upon our economy. I believe the one factor which to some degree influences all the other factors is the regulation of the volume of deposit money. As I said during that speech on March 4, and I quote from page 2556 of *Hansard:*

> Of late years many outstanding authorities have come to believe that eight of these factors can be influenced by regulating the volume of deposit

money in this country. The chartered banks are almost if not completely in control of deposit money. It is within their sole discretion to grant or refuse loans, which is the means, of course, by which deposit money is brought into existence.

I believe that is what the minister is referring to, and I quite agree with him. I would like it definitely known here that I recognize there are non-monetary factors which affect our economy, and there are certainly monetary factors which also affect the economy. I believe the minister will agree with me that the one which exercises some influence over all the others is the regulation of the cash reserves of the chartered banks which, of course, regulate in turn the volume of deposit money.

I placed emphasis on one of these factors while at the same time recognizing that there are others. I would like the minister to note that I believe perhaps one of the most important of the non-fiscal means of affecting our economy is taxation, which does have a profound effect on the economy. There are things he could accomplish by lowering taxes which could perhaps be accomplished just as well by increasing the volume of purchasing power.

Let me deal with the second weakness to which I referred in the government's financial policy. This second weakness is one which I mentioned at the committee stage of the resolution. I refer to the lack of an efficient mechanism by which the government and the Bank of Canada can quickly and successfully halt at the point of equilibrium a deflationary operation brought on by the Bank of Canada when it uses its powers to decrease the cash reserves of the chartered banks.

I hope that when we get into committee the minister will join hands with the governor of the Bank of Canada and permit us to examine that point. I do not believe they have the answer, nor do I believe they have the mechanism, and I am satisfied in my own mind that when the cash reserves are decreased as a means of halting an inflationary tendency or an inflation, then the banks must reduce their deposit liabilities by calling in loans. When the downward trend is started it is like a chain reaction carried along by its own momentum. It will not stop itself short of recession or depression, unless some way is provided of quickly putting purchasing power into the hands of consumers so they can put on the brakes and ease off the accelerator by buying the surpluses of available goods and taking them off the market.

That is the only way I can see of doing it, and the minister has not shown me that there is an alternative brake to halt the downward movement. A softening up or lending policy will not do the job, because no bank will be prepared to make loans to producers to produce more of the things which already cannot be sold. A deflationary movement makes the borrowers uncreditworthy, when before they have been looked upon as good risks. What is needed is a means by which the Bank of Canada can make available to the government enough credit to balance the effective demand with the available goods and services in the country to make up the deficiency of purchasing power and to halt the downward trend.

A start in the direction of getting such a mechanism was made when the variable reserve principle was injected into the Bank Act and the Bank of Canada Act. The government could use that principle to make it possible for the Bank of Canada to provide the government with national credits on the basis of government deposit certificates lodged with the bank. But if such a thing is to be of real value, the ceiling on cash reserve requirements will have to be raised considerably above the 12 per cent limit imposed by paragraph (o) of subsection 1 of section 18 of the Bank of Canada Act.

In conclusion, Mr. Speaker—I see that my time has elapsed—may I say that our concern in connection with financial policy is that every possible scientific fiscal means be included in our government's policy to ensure freedom from inflation on the one hand and freedom from depression or recession on the other. We are anxious about the lack of an effective brake and accelerator in the government's money management machinery. We want the optimum development of our country's resources and the most equitable possible distribution of the goods and services that our country can produce.

When the bills are before the committee we shall put forward specific proposals that will strengthen our financial policy and make it effective in insulating our country against inflation, and in guaranteeing our people economic security with freedom.

Mr. R. E. Anderson (Norfolk): Mr. Speaker, I should like to deal on Bill No. 338 with one or two matters pursuant to section 88 of the Bank Act as it applies to farmer-producers and their produce. It seems to me that, when companies go into bankruptcy, everybody is on the preferred list but primary producers who provide the raw materials without which the companies could not operate. I think there should be more

protection for primary producers when companies fail, and more protection to farmer-producers and producers who ship on consignment.

In 1951 I had on the order paper a resolution dealing with this same matter. This matter came up for discussion on February 26, 1951 and was recorded at page 667 of *Hansard* of that year, and then on pages 777 and 781. The subject matter placed on *Hansard* for those dates is still relevant and of vital concern to all primary producers. Mr. Speaker, I feel that there should be no preferred list, and that every creditor should share equally in case a company is forced into bankruptcy.

Mr. Speaker: Is the house ready for the question?

Mr. Rodney Adamson (York West): No, Mr. Speaker. I thought there were to be several other speakers. I had no idea that the debate would reach this stage so soon. Perhaps it is a good thing, and shows what an admirable presentation the minister made today.

There are, however, one or two points I should like to mention about what he said today, and I think I had better start off with this one. I was not able to hear the entire speech of the leader of the C.C.F. group, but in reply to the plea for nationalization of the banks, I think I should first of all say that the banks are the people. I do not know how many millions of people are depositors in the banks today, but a huge majority of the Canadian people are depositors in and users of the banks. Not only that, but the banks through their shareholders are owned by a great number of Canadians across Canada, the average shareholder having only comparatively few shares. Therefore I think one of the great assets in our Canadian banking system is that it is used by a large number of Canadians, who own it either through deposits or through their ownership of shares. It is a truly national system now.

The minister today made a point having to do with the alteration of the type of bank share. I do not know whether or not the banks are going to accept that alteration, but I want to make this suggestion. At the present time the banks have what is known as book stock. The stock is, as the name implies, only transferrable on the books of the various chartered banks. It is not good collateral at the banks. I think that is a useful quality of bank stock. I say this because, during the depression, one of the types of security which maintained its price, its equity and its income better than any except gold shares was bank stock. One of the banks—I think it was the Bank of Toronto—in its annual report after the depression made a special point of saying how few shareholders of the bank had to liquidate their stocks for various reasons.

I think the fact that the bank stocks today are not good collateral is one of their most valuable features. I would hate to see the bank stocks become negotiable securities, like common stock certificates. If the bank issues scrip stock which is transferable merely by signing on the back, and which can be used as collateral either to protect a broker's loan or to protect a loan at the bank, it becomes like any other stock. Human nature being what it is, I am afraid that when a loan needs more collateral or a broker needs more margin, it is only natural to put up the good stocks. Then if things go from bad to worse the real assets will be lost. I think that was one of the great assets of our type of bank stocks during the depression.

In the bill I notice that there is nothing to suggest that a savings bank or any type of corporation such as the savings and loans associations in the United States are contemplated. I am not a professional banker, but certainly the savings and loans associations in the United States, together with the mutual savings banks, have assets of some $43 billion dollars, which represents about half the time deposits in the United States—a useful source of mortgage money, to say the least. The figure for demand loans in the United States at November 25, 1953 was $100 billion and for time loans $69 billion. Of that $69 billion, about $43 billion was in the form of assets of savings banks and trust and loans associations. As I say, I am not putting forward my opinion that this is something that should be in the act, but I certainly feel that here is an opportunity for study with a view to the raising of funds for real estate mortgages and other purposes under the housing act we have just passed.

There is one other point I should like to bring out. The banks are to be asked to provide funds for housing loans. The evidence we have had shows that their reluctance is not based on the use of their capital, assets and deposits, but is based on a lack of knowledge of the housing and mortgage business. They are afraid of being forced into a business which up to this time has been specifically proscribed by the act, and now they find that the situation is turned about and they are being put directly into the mortgage business. It is my opinion that possibly the banks will want to form an organization which will act for the chartered

banks as a group, so that instead of having eleven mortgage and loan associations there will be one association which will do the actual technical work of providing mortgages, servicing loans and performing the other work which is not done by Central Mortgage and Housing Corporation at the present time.

When the bill goes to the committee I hope, if the banks should consider it desirable to enter into such an arrangement, some agreement can be reached so the banks will not be contravening the combines act. Here we have an entirely new situation, one in which the banks may really wish to co-operate. Because of their lack of knowledge of the mortgage business they will be hesitant to embark upon the lending of money on mortgages. The evidence before the banking and commerce committee showed very clearly that it is not a case of unwillingness to act on the part of the banks, but rather a lack of knowledge that inhibits them at the present time.

I would also hope that in the not too distant future the banks will again be allowed to have gold as part of their assets. I believe that the right of our chartered and commercial banks to use gold as part of their reserves should be restored to them. I feel that the issuing of gold certificates by the chartered banks could be a very useful form of assistance in facilitating international trade.

I merely make these few suggestions because I do not want to hold up the bill, and because they were not mentioned by the minister when he introduced the measure this afternoon.

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I suppose there are very few subjects, with the possible exception of the sort of witchcraft upon which the Minister of Justice (Mr. Garson) frowns, that are surrounded with quite so much mythology and superstition as the subject we are discussing tonight. I have always been entertained to note that only within the last 20 or 30 years those who are in control of the temples of finance have been prepared to admit truths that were enunciated almost 300 years ago by, as one would guess, a gentleman of the same racial origin as myself. He was the father of modern banking, a man called Paterson, who sold a very smart idea to King William III in Great Britain when, in return for the privilege of issuing the then newly developing paper currency, he provided King William III with funds to fight some of his continental wars. Mr. Paterson had no illusions at all about the sort of business he was engaged in or about the realities of that business, but it is only within comparatively recent years that we have had fairly clear recognition of these same principles on which Mr. Paterson worked 300 years ago.

I was very interested in reading not long ago a book by the eminent Australian economist, L. F. Giblin, on the affairs of the Commonwealth Bank of Australia. Professor Giblin has some rather satirical comments to make on the curious myths and illusions which those who were in charge of banking and financial matters in Australia about 30 years ago held with regard to the realities of their business. I noted in this book that it took experience to convince those gentlemen that they were really living in a world in which the basis of a financial system is trust and confidence, shall we say, rather than a more solid, metallic basis. These myths and folklores of course have been very useful to those who control the financial system, just as the myths and folklores of the old priests of Egypt used to delude the people of that country.

Earlier today the leader of this group gave an account of the very profitable operations of the chartered banks of Canada, and I do not believe I need to go into that. I do not think, at any rate, that the actual fact of the really exorbitant profits, and they are exorbitant, which the chartered banks of Canada have made over the years is a very important point. I think the important point made by the leader of this group was that the government had repeatedly not merely come to the rescue of the banks but had been obliged to protect the banking system of this country by legislation from every possibility of danger and disaster—and quite rightly, too. It is important to us that the financial system of the country should operate smoothly and efficiently, without danger of breakdowns, just as it is that our transmission lines should continue to supply electric power and that our water mains should supply water for the consumption of the urban population. As I say, it was quite necessary that they should do so.

However, that raises this point, Mr. Speaker. A sector of our economy that is so essential that our government must at all costs make sure there shall be no shadow of danger attending its operations is far too important to be left in private hands. In fact it seems to me there is no moral justification for leaving in private hands a sector of the economy that must at all times be supported by the people and by the government of this country; which must be rescued if at any time it has taken some injudicious action, and that must always be, in the final resort, able to come back on the government of Canada. I believe

that is the first point we should bear in mind in considering the proposals made by this group for the public ownership of the banking system.

Only today in this chamber we concluded the discussion of a piece of legislation that is an example of the government's inability to direct the operations of our financial system in the way in which this government considers it should be directed for the welfare of the people of Canada. There can be no doubt that the government takes the position, and quite rightly, that housing is an important matter to the Canadian people. It requires the investment of the savings of the Canadian people to provide that housing. We have to hold out inducements, and hope that the people who own this particular sector of our economy will co-operate with us and do what we, as the people's representatives, consider should be done with the savings of the people of Canada. We have no guarantee that they are going to do it. In fact there is every indication that they are not going to do it. There is every indication that the inducements—and there have been very tasty inducements—are going to fail. I believe that is another important consideration in dealing with the proposal for public ownership of the banking system of Canada.

As I said earlier there is a lot of mythology concerning the banking system, and one of the most persistent myths about the present banking system in Canada is that there is danger to the liquidity of the banks' assets. I believe my leader pointed out this afternoon that in actual fact the proportion of quickly realizable assets in the banks' portfolios has increased tremendously in recent years. From that point of view there is no danger of the banks getting into difficulty through lack of liquidity of their assets.

There is another much more important consideration, and I suggest it is this. Every one of us knows that since the failure of the Home Bank no government in Canada could possibly allow any bank to fail. There is no possibility of it failing at all. The banks will be protected from that danger. As I say, the government has it in hand, and quite rightly, because it is essential that the financial system should be protected from every one of these dangers. I would suggest that the proper way to regard our banking system is as perhaps our most important public utility. Not so many years ago there were people who were quite sure we were on the high road to bolshevism when we so much as took over a lighting system and operated it municipally, but today we find on all sides those who are firm advocates of public ownership for the provision of essential public services. I suggest to you, sir, that there is no more essential public service than that of looking after the savings of the people, and of placing them in proper investments for the social welfare of the people.

Earlier this evening the hon. member for Peace River (Mr. Low) had something to say about the Commonwealth Bank of Australia. I was very interested in his remarks because I happened to have with me the latest report of that bank. Before dealing with that, I might spend a moment or two discussing the history of that bank, because it has considerable interest to us as Canadians. This bank was established largely through the efforts of a Canadian, a rather famous character in Australian history, known as King O'Malley.

Mr. Abbott: Born in the eastern townships.

Mr. Cameron (Nanaimo): Yes, born in the eastern townships. Unfortunately, he went to Australia instead of staying in Canada. It is obvious there was far more need for his efforts in Canada than in Australia. However, King O'Malley, after tremendous efforts, managed to get the Australian government to agree to the establishment of a publicly-owned bank known as the Commonwealth Bank. When it was first established it was a commercial bank, because this was long before the idea of a central bank had emerged.

Another interesting feature of the establishment of that bank is that it was established without any capital. It was set into operation by a small appropriation from the consolidated revenue fund. The latest report shows the bank has assets of some Australian £2 billion or more than $4,000 million, which have been accumulated since it was established in 1911. This bank later branched out into every type of banking business, the savings bank business, mortgage and loan business, rural credit, and finally in 1924 it was established as the central bank of Australia. At that time an act was passed which regulated the operations of the various departments of that bank. It has now become the major factor in Australian finance, in spite of the fact that it was only set up upon the undertaking there would be no aggressive attempt to compete with the private trading banks of Australia. The latest report and Professor Giblin's book stressed again and again that there have been no aggressive attempts to compete with the private trading banks, yet in spite of that the Commonwealth Bank, in its commercial banking feature, is now the most important bank in Australia.

I might say also that in Australia there are state-owned savings banks in every state in which the bulk of the people's savings are

deposited. For the information of the hon. member for Peace River, the people of Australia did not back away from the proposition of taking over the entire banking system. What happened was this. The procedure was challenged by the private banks, who took the matter to the privy council in London. The privy council's decision was that under the Australian constitution it was not possible for the federal government to deprive the states of their right to regulate banks. It was on that basis that the private trading banks retained their position. Nevertheless, the Commonwealth Bank of Australia is the most important financial institution in that country. Last year it had a net aggregate profit of £10·75 million, of which £4,860,481 was paid into the consolidated revenue fund and £2,127,424 into the national debt sinking fund.

I am going to suggest to you, Mr. Speaker, apart from any other consideration, that was a handsome contribution to the welfare of the people of Australia. Apparently it was accomplished without ushering in the ogre of bolshevism, because the national bank has been established for many years. One of the people who was responsible for the development of that bank into the central bank of Australia was a gentleman who is known to many in Ottawa. He was at that time a very eminent economist in the service of the government, and it is largely due to his efforts that the modern ideas of central banking were finally accepted in Australia and the Commonwealth Bank, as a central bank, was established. He has appeared here recently; not many weeks ago I saw him in the diplomatic gallery, right in this chamber.

I submit to you, Mr. Speaker, that these facts constitute considerable evidence that a publicly-owned banking system can bring to the people some solid, satisfactory benefits. I suggest to you, sir, that there are two developments in Canada which indicate that our banking system falls far short of serving the needs of the people. One of these is a particularly iniquitous development, while the other is a particularly beneficent one. The first is exemplified by the various private lending companies which, as was pointed out this afternoon by the hon. member for Rosetown-Biggar (Mr. Coldwell), are springing up all over the country. And I suggest to you, sir, that if we only knew the extent to which these loan shark companies have their claws on innumerable young people in Canada, we would see that something was done about it. There is hardly a young married couple who have not at some time or another, as the result of need, gone to one of these loan shark companies, because they represented the only place they could get money for their immediate, desperate requirements.

The other development—and, as I say, this is a highly beneficial one—has been the growth of the credit union movement. I do not know how widespread this movement is in eastern Canada, but I do know it is becoming a very important factor in British Columbia. I myself am a member of a credit union that last year did some $600,000 worth of business, and this was in a small town on Vancouver island. They do not have even the small percentage of losses we hear suggested as the percentage possible in the banking system; they have had literally no losses in the last three or four years. They have lent money for the building of houses; they have lent money to people to buy cars, when required. They have enabled people to save money by being able to pay cash for the goods they required.

The rise of the credit union movement has been an example of the way in which the private banking system in Canada has totally failed in serving the people. I was extremely interested in the address of the hon. member for Peace River. I must confess I am still rather at a loss to know exactly his position and that of his party. I notice he referred to the financial monopoly as the hidden government. Well, I am temperamentally averse to using apocalyptic language about such matters as these, and I rather doubt anyway whether the financial monopoly is entirely the hidden government. I am not sure that the government is hidden. I think the privately-owned financial system is merely part of a very plain and obvious government in Canada that is not represented here, in this chamber; and I am referring to government by those who hold the means of production and distribution in this country. It is merely part of that picture.

But when my hon. friend suggests that we have here, right in the heart of our society, a hidden monopoly, a hidden government, and then in the very next breath dismisses the idea presented by this group for dealing with that hidden government, I must confess I am at a loss to understand his position. He has said there are controls that have to be exercised over the banking system. Quite right; but we have seen right here in this chamber that those controls have very severe limitations, just as they are bound to have when there is a conflict between the interests of shareholders of the private banking system and the interests of the people generally. The interests of the shareholders must be safeguarded by the directors, because that is

their job; they would be faithless to their trust if at all times they did not safeguard the interests of their shareholders. And when those interests come in conflict with the public interest, then if the directors are to be faithful to their trust they must abandon the public interest. I suggest, Mr. Speaker, you cannot marry publicly-controlled financial systems to a private profit motive, because the marriage just will not last.

My hon. friend from Peace River asked what greater public utility there could be than money and credit. I quite agree with him; there is no greater public utility than money and credit. But that has been the burden of the song of socialists all along with respect to the financial system, that it is the most important public utility and for that reason must be removed from private hands where, perforce, it must serve private interests before public interests. Just as today no one would suggest that our highway system should be returned to private ownership, where at one time it was controlled; just as all people would insist that our highways should be kept open and operating at all times, and that they should not be endangered by floods or disaster of any kind, so should the highways of commerce, as represented by the banking system, be brought under public control for precisely the same reason.

I suggest to hon. members that, although today the vast majority of members in the House of Commons will, without thought, vote against the proposition put forward by this group, it will not be many years before even many of those members now sitting in the house will accept as a matter of course the principle that the banking system should be publicly owned.

Professor Giblin in his book has something to say with regard to the attitude of a very famous financier in Great Britain, Mr. Montagu Norman, who had considerable to do with the original work of setting up the Commonwealth Bank as a central bank. One of the things that gave Mr. Norman pause with regard to establishing a publicly-owned commonwealth bank as a central bank was the fact that it was publicly-owned. He is quoted in this book as saying that he was unable to see how a publicly-owned institution could possibly operate as a central bank. That happened not very many years ago; in fact it was only 30 years ago. At that time Mr. Montagu Norman was the voice of orthodox finance throughout the world; his word was gospel. Yet he was unable to see how a publicly-owned institution could function as a central bank.

[Mr. Cameron (Nanaimo).]

Not long after that the Bank of Canada was established. The same idea that apparently had been in Mr. Norman's mind was still in the minds of those who established the Bank of Canada in its original form. The result was that it was set up as a curious hybrid, publicly-owned and privately-owned. But it was not very long before the logic of events decided what should be done with the Bank of Canada, and no one today would suggest it should be returned to private hands. No one, I think, would suggest it has not been possible for the publicly-owned institution, the Bank of Canada, to function effectively as the controlling agency of currency in the Dominion of Canada.

While I know hon. members will throw out the suggestion we have made, I hope the time is not far distant when many of them will accept as a matter of course the principle that this vital necessity in the heart of our society should be brought under public control. The major argument I have heard advanced against the scheme has always been that there might be political influence in connection with loans made by that institution. I asked the gentleman to whom I referred a short time ago that very question, when I was speaking about the Commonwealth Bank. He told me there had never been even the slightest suspicion in Australia that political influence had in any way affected the bank's lending habits or their attitude in granting loans, so I think we can dismiss that as being purely a chimera of the imagination. But I suggest that you had better keep on thinking about it; you had better marshal some facts as argument against it in the years to come, because I am quite sure you are going to need them to stem the tide of public opinion that is going to sweep us into a position of public ownership of the financial system of Canada.

Mr. H. P. Cavers (Lincoln): Mr. Speaker, I rise at this time to support the submission made by the hon. member for Norfolk (Mr. Anderson) with regard to the amendment of section 88 of the bill we have before us. I am sure that many fruit and vegetable growers in the Niagara area will be grateful to the hon. member for Norfolk for bringing this matter to the attention of hon. members, first in 1951 when he introduced it as a private member's bill and again when speaking in this debate.

The hon. member for Norfolk has proposed that any reservation as to security under the provisions of section 88 should be eliminated. I suggest that some security should be given to the grower by creating a reservation under

the operations of section 88 of the bill. Under the provisions of section 88 a bank is permitted to take additional security by way of a warehouse receipt or a notice of intention under the provisions of the section. This document gives the bank precedence over all claims except those of wage earners as covered by the provisions of subsection 5.

I assume this protection has been given to the banks because of the fact that the possession of property raises a certain presumption of ownership by the possessor. Thus the bank is provided with ample security through knowing that their customers have in their hands a tangible product on which a loan can be made. It is quite satisfactory when considered from that side of the picture.

But on the other side of the picture we find that the fruit and vegetable growers and other primary producers have put forth hard work and sustained effort in the development of their products. There is altogether too little profit for the primary producer in the first place. The fruit and vegetable producer is required to deliver his produce to the canner. After strict scrutiny and examination the canner accepts the natural products which have been delivered to him. The grower has actually provided the raw material which is the essence of the business itself.

In the last four years three canners in our particular area have made assignments in bankruptcy. They were well stocked with natural products which had been processed by them. These assignments have brought about a resultant loss of over $1 million to the growers in the area. This loss is spread over the four counties of Wentworth, Haldimand, Welland and Lincoln. The loss is quite heavy, and these people who have been obliged to accept the burden cannot afford to bear it.

An individual may make an assignment in bankruptcy and then commence business again under his wife's name; as an incorporated company, or in the name of some other relative. The whole process is started over again. I think some protection must be given to the primary producer who produces the actual product. I appreciate the fact that a bank must look to a manufacturer for some security before it provides a line of credit, but the provision of this additional priority to the grower may cause the bank to exercise greater care before making a loan, and they might become a bit more selective as to the type of client or customer to whom a loan would be made.

I think the amendment suggested by the hon. member to delete the priority provision altogether probably would not be a safe thing to do. I do urge the Minister of Finance (Mr. Abbott) to give serious consideration to providing a priority similar to the one given by subsection 5 of section 88. This could be done by adding a subsection to provide that the products of the soil shall be given a similar priority when delivered to a processor.

Mr. Victor Quelch (Acadia): Mr. Speaker, the two main amendments to the Bank Act relate, first, to long-term loans being made under the National Housing Act and, second, to changes in the cash reserve requirements of the chartered banks. In so far as the first of those is concerned, I think it is a debatable point. Many feel that it will be a mistake for the chartered banks to go into the field of long-term loans on real estate, but personally I believe it would permit them to perform a worth-while service by working under this formula.

The second amendment provides that the minimum cash reserve requirement be raised from 5 per cent to 8 per cent and be made variable upward to 12 per cent at the discretion of the Bank of Canada. As I pointed out when I spoke on the amendment to the Bank of Canada Act, this is definitely a step in the right direction, but we feel that the limit of 12 per cent is too restrictive, that it should be at least 16 per cent, and it might be well worth while to make it higher to meet future needs.

The hon. member for Rosetown-Biggar (Mr. Coldwell) pointed out that while the Bank of Canada can take steps to increase or decrease the cash reserve of the chartered banks, the final decision rests with the chartered banks as to whether or not they will make loans. I would say it is not really as simple as that. I would say that the final decision really rests with the government, because it all depends on the type of policy we have in operation as to whether or not chartered banks can expand their loans.

For instance, if you have a situation where our production is at a very high level, where inventories are accumulating, where unemployment is increasing, where industry is beginning to curtail production because it cannot sell its goods, it would be questionable whether it would be wise for the chartered banks to expand loans to industry which cannot sell its existing supplies of goods. We face that situation in a depression. So I would think that in that regard the decision rests not so much with the chartered banks but with the government adopting a type of policy which makes it possible for us to maintain production at a high level. If we create a condition where industry is able to expand production on a profitable

basis I doubt very much whether there will be any difficulty in getting the chartered banks to make loans to help finance that type of expansion.

I want to go back over the past 25 years to refer to a number of changes which have taken place. There have been a number of somewhat radical changes made which I believe have been definitely in the interests of the people of Canada as a whole. It will be recalled that in 1929 we were on the gold standard. That was the last year of a few years of post-war prosperity. Then in 1930 we started on a vicious spiral of deflation which landed us in a ten-year depression. The responsibility for that depression, I would say, initially rested upon the United States. It was largely due to the fact that the United States cut off the supply of dollars to the nations buying their goods. Then, due to the fact that we were on the gold standard and at that time had what one might call a gold mentality, the government of the day lacked either the power or the will to deal quickly and effectively with the situation. Lest anyone think I have no right to place the blame upon the United States for that situation, I would like to quote from "The United States in the World Economy" published by the United States Department of Commerce and printed in 1944. This is the only quotation I shall make in the course of my remarks. It is as follows:

> American investment activity in other countries was not revived. On the contrary, from 1931 on there was a substantial reverse flow through a reduction in previous investments abroad.
>
> During the four years from 1926 through 1929 the amount of dollars supplied ranged between $7,300 million and $7,500 million and foreign incomes and spending habits and the international debt structure were fairly well adjusted to this level.
>
> The abrupt fall in the dollar supply by some $5 billion or 68 per cent, over the short space of three years, necessitated vast changes in the foreign use of dollars and in the economic systems from which the demand arose. In further contrast to the more flexible situation at the beginning of the decade, the world at large had returned to a regime of fixed exchange rates under the reconstituted international gold, or gold-exchange standard which had won general adherence by the end of the twenties. The initial endeavour to defend their exchange parities and reserve positions let the task of readjustment in their external demands fall full force on their internal economic life, thus strengthening the forces of depression and deflation throughout the world generally.

Consequently in Canada, as a result of the cutting off of $5 billion from the dollar supply, foreign markets largely disappeared, prices collapsed and unemployment increased in Canada.

During the first three years of the depression over $900 million was withdrawn from circulation, and it became quite a popular habit to criticize the chartered banks very severely for that situation. I would say the chartered banks at that time were largely the victims of the situation rather than responsible for it. In the first place they had to protect their gold reserves because we were on the gold standard; and then, though we went off the gold standard in the early years of the depression, we continued on a gold basis throughout the depression right up to the year 1940. In 1940 the section of the Bank Act setting up the basis for gold reserves was suspended. With prices falling and markets greatly restricted the chartered banks, consequently, were not in a very good position to make loans, because if industry was not able to sell its produce at good prices then there was very little likelihood it would be able to repay loans even if they were made to it. Moreover, industry was not very anxious to expand its borrowings when it was not able even to sell its limited production. Therefore, of course, the demand for loans fell off and the amount of money in circulation was correspondingly reduced.

When the hon. member for Rosetown-Biggar criticizes the banks for not making loans in the thirties, especially to the farmers, one has to remember what was happening to the farm industry at that time. The price of farm products had dropped to a very low figure, and in 1932 the price of wheat fell to 19½ cents per bushel. Quite obviously any farmer trying to expand his farming operations with wheat at that price would not be in a very good position to repay his loan even if he had been able to borrow money from the chartered banks. Probably the best thing that happened was that the farmers were not able to go to the banks at that time, because they would merely have greatly increased their debts, and would not have been able to repay them.

Unfortunately during the depression the government of the day had not learned the lesson that the only way to get out of a depression is to spend your way out of it. By that I mean that when you have a situation where industry is not able to maintain an effective demand against its own production, it is then essential that additional money be put into circulation in order to create an effective demand for the goods which are available for distribution. In that way the demand for goods will increase and as it increases industry will be in a position to expand production in order to satisfy that demand.

Instead of taking action of that kind the government adopted a policy of belt tightening, not only in their own administration but in so far as the people were concerned. The

gospel preached at that time was that everybody should tighten their belts and curtail their spending. That, of course, still further aggravated the situation we were in, because the more people saved and the less they spent the harder it was for industry to sell their goods, and when they could not sell goods they had to curtail production which consequently increased unemployment.

The Bank of Canada was set up in 1934 and in 1937, I believe, it became a public institution. But there was very little visible change in the financial policy in force at that time. There had been a great deal of ballyhoo about the nationalization of the Bank of Canada. Statements were made that currency and credit would be made available in terms of public need. Everyone jumped to the conclusion that this meant that money would be put into circulation to increase the purchasing power of the people to enable them to buy the goods which were available and for sale. Shortly after that transaction took place it was explained that currency and credit in terms of public need did not mean that at all, but merely meant that currency and credit would be available to meet the needs of the financial and industrial concerns of this country.

At that time we urged that the government should spend money into circulation to finance national projects and increased social services and that they should obtain that money from the Bank of Canada in order to expand effective demand in the country and also, incidentally, to increase the cash reserves of the chartered banks. We felt that as the demand for goods increased the chartered banks would be able to expand loans to industry in order to expand production of consumer goods required to satisfy the increased demand by the people.

Unfortunately the minister of finance at that time, Mr. Dunning, insisted that there was only one source of money for the government. He claimed that the only place from which the government could obtain money was from the people, either through taxation or by borrowing their savings. It is interesting to note that when the banking and commerce committee met in 1939 Mr. Graham Towers, governor of the Bank of Canada exploded that fallacy. Mr. Graham Towers pointed out that there were three ways by which the government could obtain money, namely, by taxation, by borrowing the savings of the people, or by monetary expansion. We advocated that, if the government indulged in monetary expansion, that expansion should take place through the Bank of Canada. We are all familiar with the changes which took place during the war. There has been some discussion on that question both on this motion and on the motion regarding the Bank of Canada Act. I am not going to take up any time in dealing with that period except to say that during the war our main criticism was the method of expansion that was adopted. It will be recalled that the government indulged in a great deal of monetary expansion and borrowed the money from the chartered banks instead of the Bank of Canada, an action which consequently increased the debt charges of the country. It is interesting to note that we had to have monetary expansion during the war in spite of the fact that we had heavy taxation and heavy borrowing of the savings of the people. In spite of that it was still necessary to have a heavy expansion of money in order to meet the requirements of a maximum war effort, and in order to provide the government with the necessary money with which to buy the products of the war industries.

I now want to jump to the period we are in at the present time, because the period from the war up to the present has received a good deal of attention both in this debate and in the debate on the Bank of Canada Act. The situation we are in at the present time seems to be somewhat peculiar. The government does not seem to be quite certain whether we are coming or going; that is, it does not seem to be quite certain whether we are going into a depression or coming into a period of full employment. Undoubtedly the government hopes that when the spring comes everything will be satisfactory. I think most of us will agree that the situation should improve when the spring opens up. But on the other hand it looks as though the situation, in some regards, has got out of hand and that all may not be well.

As a result of the amendment of the Bank Act the cash reserves of the chartered banks will be extended in order to meet the needs of the National Housing Act. Perhaps I should not make that as a definite statement, but that is the definite impression the president of the bankers' association had. He states that he assumes that when this housing act is passed the Bank of Canada will take that action because, in his opinion, the only way the chartered banks could enter the field to any degree would be by the Bank of Canada making additional cash reserves available to them. But whilst money will be made available to finance the building of houses under the National Housing Act, of course it will not be possible for the banks to make money available to people in the low income groups.

If action is going to be taken to make it possible for people in the low income groups

to build houses, it will have to be a different type of action to achieve that objective. To try to do so by expanding taxation or by borrowing the savings of the people would certainly not increase the purchasing power of the people. On the other hand, the government may decide upon a policy of expanding the money supply by borrowing from the chartered banks.

At this point I want to examine briefly the financial machinery we have at our disposal, and the division of responsibility as among the chartered banks, the Bank of Canada and the Department of Finance. When I refer to the chartered banks, I want to deal with them collectively, as one body. The chartered banks are responsible for making loans to industry; and of course loans can be reallocated as between industries on the basis of existing cash reserves. The expansion, of course, depends to a large extent upon the action the Bank of Canada may take. Hence action of the chartered banks in expanding or contracting loans will depend upon action of the Bank of Canada.

However, a situation such as we had in the 1930's or the situation that may well develop at the present time, if it continues to deteriorate, cannot be met by that means alone. Industry cannot expand without markets. If we are going to have an expansion of industry, we will first of all have to provide for expanding markets; and expanding markets, of course, depend upon maintaining an effective demand. Therefore if we are going to bring about a situation where there can be an adequate supply of purchasing power, it will require action by the federal government in order to expand the purchasing power of the people either by capital projects, by social services or by reduction of taxation, or by a combination of all three.

I want to point out that it is quite evident that we cannot hope to expand the purchasing power of the people by obtaining money through an expansion of taxation, especially the sales tax or taxation of people in the lower income groups. Neither can we hope to expand the purchasing power of the people by expanding borrowings from their savings. Therefore, in a situation such as we had in the thirties, or a situation that may develop at the present time, it is necessary to have an expansion of credit and we insist that should be by using the Bank of Canada rather than the chartered banks.

Mr. Speaker, I move the adjournment of the debate.

On motion of Mr. Quelch the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: After we conclude this debate tomorrow we shall take the Criminal Code and shall continue with it on Wednesday.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, March 9, 1954

The house met at 2.30 p.m.

HOUSE OF COMMONS

TABLING OF CIVIL SERVICE COMMISSION REPORT

Mr. Speaker: I have the honour to lay upon the table of the house a copy of a report of the civil service commission respecting the permanent appointment of certain employees of the House of Commons.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 341, for the relief of Michele Grignon Ferguson.—Mr. Hunter.

Bill No. 342, for the relief of Emile Groulx. —Mr. Hunter.

Bill No. 343, for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.—Mr. Hunter.

Bill No. 344, for the relief of Muriel Spencer Campbell.—Mr. Hunter.

Bill No. 345, for the relief of Yetta Frumkin Binder.—Mr. Hunter.

Bill No. 346, for the relief of Vera Mary Drummond Stafford.—Mr. Hunter.

Bill No. 347, for the relief of Alice Beatrice Cutler Murdoch.—Mr. Hunter.

Bill No. 348, for the relief of Maartje Stelling McLachlan.—Mr. Hunter.

Bill No. 349, for the relief of Wilfred Roy Fricker.—Mr. Hunter.

Bill No. 350, for the relief of Dorothy Adelaide Jorbahn Rosburg.—Mr. Hunter.

Bill No. 351, for the relief of Joseph Bernard Bertrand.—Mr. Hunter.

Bill No. 352, for the relief of Ann McKinnon Archibald Barnes.—Mr. Hunter.

Bill No. 353, for the relief of Joseph Gerard Arthur Valmore Tremblay.—Mr. Hunter.

EXTERNAL AFFAIRS

RECOGNITION OF RED CHINA—GOVERNMENT POLICY

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Has he been able to confirm the statement by the Prime Minister (Mr. St. Laurent) in regard to the recognition of communist China, and, if so, has he any comment to make?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, by lunch time no reply had been received to our telegraph message requesting the actual text of what the Prime Minister is reported to have said in the Philippines, and in Korea.

REPORTED VISIT OF PRIME MINISTER TO WASHINGTON

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Is he prepared to say whether there is any foundation in a newspaper report today to the effect that the Prime Minister on his return will immediately go to Washington to discuss with President Eisenhower what he has seen on his world tour?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I know of no foundation for that newspaper report.

ROYAL CANADIAN MOUNTED POLICE

INVESTIGATION OF ALLEGED LEAK FROM FILES, VICTORIA, B.C.

On the orders of the day:

Mr. Colin Cameron (Nanaimo): Mr. Speaker, I would like to direct a question to the Minister of Justice. Is the minister aware that the person or persons charged by him with the duty of investigating the alleged leak in Victoria, B.C., from R.C.M.P. files failed to contact or interview Reeve Casey of Saanich, the person who was, in the first place, responsible for the allegation that there had been a leak from the R.C.M.P. files; and is the minister, in view of this circumstance, prepared to have a further investigation made of the matter?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank the hon. member for having given me notice of this question. I am aware that the persons charged with the investigating of the alleged leak of information in Victoria did not interview Reeve Casey, and I am also aware of the reason they did not do so, namely that the only occasion on which any member of the R.C.M.P. was in contact with Reeve Casey

in relation to this matter was a considerable time after Mr. Marshall was released by the Victoria public library board.

The federal government does not permit or condone the giving of information by the R.C.M.P. to private citizens from its special branch files. Our investigation has established that there was no disregard or violation of this policy by the R.C.M.P. in respect of the person named. This language, Mr. Speaker, I believe, is quite clear, but lest there should be any misapprehension concerning it may I state the same facts in another way. The federal government forbids the giving of information to private citizens from its special branch files. In the present case the federal government is satisfied that no member of the R.C.M.P. gave information to anyone concerning Mr. Marshall from its special branch files.

LABOUR CONDITIONS

NAVAL DOCKYARD, ESQUIMALT—PROPOSED PAY REDUCTIONS

On the orders of the day:

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, I would like to direct a question to the Minister of National Defence. Has the minister received a protest from labour organizations in British Columbia regarding the reduction of rates of pay for certain classes of work in the naval dockyard at Esquimalt? If so, will the minister comment on this protest?

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, I thank the hon. member for having given me notice of the question. Representations have been received with respect to the proposed reduction in rates of pay concerning six, I believe, of the number of riggers on the establishment of the naval dockyard at Esquimalt. These representations are at present under consideration and in the meantime action with respect to the proposed reduction has been postponed.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Minister of Finance. Does the minister yet know the date on which he intends to bring down the budget?

Hon. Douglas Abbott (Minister of Finance): No, Mr. Speaker.

[Mr. Garson.]

Mr. Knowles: May I ask a supplementary question, Mr. Speaker? Will it be before or after the 22nd of March?

Mr. Abbott: I do not know, Mr. Speaker.

PRAIRIE FARM ASSISTANCE ACT

INQUIRY AS TO AMENDMENTS FOLLOWING REQUEST BY MANITOBA GOVERNMENT

On the orders of the day:

Mr. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Has the federal government received any representations from the government of Manitoba concerning the possibility of amendments to the Prairie Farm Assistance Act which will allow the act to apply on a more equitable basis to Manitoba farmers in relation to the farmers of Saskatchewan and Alberta? If so, what has been the nature of these representations?

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, the hon. member for Brandon-Souris was kind enough to send me notice of his question. In reply I would say that the government of Manitoba has on quite a number of occasions communicated to us its view that Manitoba does not get as much assistance under the act as the other two provinces, and on each occasion on which these representations have been made we have pointed out that the same conditions apply in different parts of the provinces of western Canada. There are areas in all the provinces that never have crop failures and those areas, of course, never receive payment, but they make payment on delivery of grain to the elevators. I might say, for the benefit of the hon. member, that the hon. member for Provencher (Mr. Jutras) at one time in the house a few years ago moved an amendment to the act to deal with the question just raised. The question came up for discussion here and all of the members from Manitoba present, except the hon. member for Provencher, were opposed to making the change.

ROYAL CANADIAN NAVY

NEW PLAN FOR PROCUREMENT AND TRAINING OF JUNIOR OFFICERS

On the orders of the day:

Mr. G. R. Pearkes (Esquimalt-Saanich): Has the Minister of National Defence an answer to the question I asked yesterday with reference to the statement he then made?

Hon. Brooke Claxton (Minister of National Defence): I have the number of officers on strength today which is 2,318, representing 13·8 per cent of the total strength of the

Royal Canadian Navy today. The target for officers in the build-up to 21,200 men would be a total of 2,900 representing 13·6 per cent of the total strength. Numerically the relationship is satisfactory at the present time. However, it takes longer to train officers than to train men. On that account we should like to get an additional group of officers trained to match the men necessary to man the ships as we put them into commission. Hence we have instituted this new plan.

Mr. Pearkes: I wonder whether the minister could elaborate a little bit more on the plan? Press reports indicate that there is a separate establishment or separate school.

Mr. Claxton: The press report was wrong.

Mr. Pearkes: I thank the minister.

Mr. Claxton: I should correct this misunderstanding. We set up—and this is, I am sure, what misled the press—a new shore establishment with a new name, H.M.C.S. *Venture,* but that will be in the existing buildings at Esquimalt, with the existing staff, equipment, recreational facilities, educational facilities and so on. There is a new name but no new establishment.

Mr. Pearkes: Is this a new principle as distinguished from the tri-service college idea?

Mr. Claxton: It is comparable to the R.C.A.F. short-service commission plan or the army officer candidate school program which we used to raise the special force. This is to meet this particular situation.

Mr. Pearkes: Just one other question. Do these other plans take in young men of 16 to 19 years of age and train them?

Mr. Claxton: The ages are about the same.

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, ETC.

The house resumed, from Monday, March 8, consideration of the motion of Mr. Abbott for the second reading of Bill No. 338, respecting banks and banking, and the amendment thereto of Mr. Coldwell.

Mr. Victor Quelch (Acadia): Mr. Speaker, before the adjournment last night I was stressing the point that during a depression we cannot hope to expand the purchasing power of the people by financing government expenditures through an expansion of taxation, especially an expansion of taxation upon people in the lower income brackets or of the sales tax or by borrowing from the savings of the people because that procedure is bound to reduce their purchasing power to the extent of their borrowing. We insist that it must be done at least in part by monetary expansion.

At the present time we are on a managed currency; and I would say it is a fully managed currency. We in this group support that policy. We have been a managed currency since the year 1940. Prior to that time, for a number of years, we were on what might be called a semi-managed currency; that is, we were on a gold parity although we were not on the gold standard. I would say that the real test of the efficiency of the government's management of currency has yet to come. Ever since 1940 we have had a high level of economic activity, largely as a result of the war; in the post-war period it has been largely as the result of consequences arising out of the war.

In the past the Minister of Finance has supported the general principle of cyclical budgeting. I think we will all agree that during the past few years he has not hesitated to budget for a substantial surplus. I think perhaps there was a good deal of logic in that action because during those years we had a high level of economic activity and we had present strong inflationary pressures. It therefore might be said that it was necessary to withdraw a certain amount of the redundant money from circulation in order to reduce the inflationary pressure.

But whilst I would agree that there was probably a certain amount of justification for that action, I would also point out that in the future, for the same reason, it may be necessary to budget for a deficit. What I mean by that is that if we have a condition where economic activity is falling off and where we are getting into a depressed condition, then the government must be prepared to budget for a deficit. In other words, if a system of equitable taxation and moderate borrowings from the savings of the people fails to provide the government with the money that is necessary to finance their program, then they will have to be prepared to indulge in a certain degree of monetary expansion.

Mr. Speaker: Order. I am sorry to interrupt the hon. member but I cannot help noticing—and probably the hon. member who has the floor has also noticed it—that there is so much noise in the house—

Some hon. Members: Hear, hear.

Mr. Speaker: —that the hon. member who has the floor is speaking under extremely

difficult circumstances. I would imagine that hon. members will keep silent from now on because I noted that those who were the first to applaud my remarks were perhaps the worst offenders.

Mr. Quelch: Thank you, Mr. Speaker. On the Bank of Canada bill I quoted the governor of the Bank of Canada in words to the effect that during a situation where economic activity was low, where unemployment was increasing and where private spending was insufficient to maintain the economic activity of the country at a high level, then there might be justification for the government not financing the whole of their program from taxes and from borrowing the savings of the people. The governor argued that, in that case, there might be justification for financing government projects through credit expansion and that, provided the projects were sound, they would have his blessing. I would therefore say that the question we must consider is this: How far can we go in that regard? To what extent can we have monetary expansion in this country without any danger of inflation?

Let me point out that at no time have we in the Social Credit group ever advocated the issue of unlimited sums of money. We have always made it clear that there is a definite limit to the amount of money that can be issued in that way. We would say that the limit is the amount required to maintain an effective demand against the goods and services coming from an optimum development of the resources of the country; that is to say, there should be in circulation enough money to provide for the exchange of the goods and services available for distribution.

As an example let us take the present situation. At the present time many industries are building large inventories. Many industries have already had to cut their production to 50 per cent. In other cases industries have closed their plants entirely. That is one side of the picture. On the other side you have a large group of people who are enduring a low standard of living and who would very much like to have access to these large inventories of goods. You might call that a potential demand. Therefore we would argue that in a situation of that kind we would be fully justified in issuing money to make that potential demand an effective demand against the production of the country. In that way you would be able to maintain production at an optimum level.

There are many ways in which the government might issue that money. It might be issued for the purpose of financing national projects. The governor of the Bank of Canada says that he would support such an idea if the projects were sound. It might be issued for the purpose of financing low-cost housing for people in the low income groups. It might be for the purpose of increasing social services, for the purpose of increasing old age pensions, war veterans allowances, family allowances, pensions for people who are disabled, and in many other ways. Of course the purpose would be to direct that money to the points where it was most needed.

The second question we come to with respect to monetary expansion is how it should take place. The government argues that when monetary expansion is necessary it should take place through the chartered banks. Of course we all know that the government borrows consistently from the chartered banks on a very short term basis at a very low rate of interest. But for a project of this kind they would have to borrow for long terms and borrowing for long terms would be at a substantially higher rate of interest. The rate of interest on long term loans would be over 3 per cent. The result of that would be to increase the debt charges of the country which would require an increase in taxation so that the increase in debt charges could be met.

On the other hand, we argue that when it is necessary to have an expansion of credit it should take place through the Bank of Canada, our own national institution. Provided it was done through the Bank of Canada and acquired by the government depositing what might be called a perpetual certificate or perpetual bond with the Bank of Canada, that money could be obtained without any requirement that it be repaid. It would be on a perpetual basis. In so far as interest rates are concerned, the rate of interest would really be immaterial because all profits of the Bank of Canada come back to the government and therefore the actual cost of that money to the government would be the actual cost of handling it. In other words, the money could be issued interest free and the amount of revenue coming to the government from the Bank of Canada would be reduced by whatever cost was involved in the transaction.

In the past the main basis of the government's opposition to a proposition of this kind has been that to finance through the Bank of Canada would be more inflationary than to finance through the chartered banks, the argument being that when that money was paid into circulation it would eventually reach the tills of the chartered banks thereby

increasing their cash reserves and thereby enabling them to expand their loans on the ratio of ten to one of the increased deposits. For that reason it is argued that it would be more inflationary, but on the other hand that argument no longer holds water today because we are amending the Bank of Canada Act and the Bank Act to make the cash reserve requirement of the chartered banks variable all the way from 8 per cent to 12 per cent. If the occasion arose there is no reason why the cash reserves could not be increased above the 12 per cent level.

When I spoke on the Bank of Canada Act I suggested that the requirement should have been raised to at least 16 per cent and that as time went on it might be desirable to raise it to a higher level. At 12 per cent the government will only be able to issue money through the Bank of Canada up to $180 million without increasing the cash reserves of the chartered banks above the 12 per cent limit. On the other hand, if the requirement were increased to 16 per cent the government could finance to the extent of $540 million without increasing the cash reserves of the chartered banks above the 16 per cent limit.

However, we find a different argument being used today so far as the officials of the Bank of Canada are concerned. They now argue on a different basis. They argue that if you finance through the Bank of Canada you are not playing fair with the chartered banks. In other words, it is a form of hidden tax against the chartered banks because when the money is issued in that way it will increase the deposit liabilities of the chartered banks and they will then have to service these deposit accounts without receiving any payment or compensation for that service.

It is interesting to remember, Mr. Speaker, that the amount of those deposits would only represent a small percentage of the total deposits, and on the balance of all their deposits, which would be the balance made up of loans and investments, they would be receiving interest payments which would return a fair profit to them. However, I would agree that if the chartered banks were in what might be called a depressed condition there might be some justification for an argument of that kind. I do not think anybody would seriously suggest for one minute that the banks of Canada are in a depressed condition. They are in a very healthy and substantial condition. According to the annual returns of earnings and operating expenditures of the chartered banks, which are carried in the *Canada Gazette* yearly, we find that the balance of earnings over operating expenditures is two and a half times greater in 1953 than in 1943. They are up from $29·6 million to $72·7 million.

Again, according to the answers given to questions that I asked, which can be found at page 2614 of *Hansard* for March 3, we find that the profits of the chartered banks are at a very substantial figure. A table gives the net profits of the chartered banks for the year 1953, and the figures of net profits are after appropriations to contingency reserves, provision for depreciation and for income taxes. In column 3 of the table is given the percentage of profits in column 1 to paid-up capital, and we find the percentage of profit to be very substantial. Taking the chartered banks as listed in the table we find that the Bank of Montreal had a percentage of profit of 19·56, the Bank of Nova Scotia 20·08, the Bank of Toronto 21·72, the Provincial Bank of Canada 8·52, the Canadian Bank of Commerce 19·30, the Royal Bank of Canada 24·67, the Dominion Bank 19·91, Banque Canadienne Nationale 19·50, Imperial Bank of Canada 20·03, and Barclays Bank 0·60, which bank is operated on a very different basis of course from the other chartered banks in Canada.

Another interesting figure is found on page 2615 of *Hansard* for the same date. It shows the rate of dividends on paid-up capital for the years 1950, 1951, 1952 and 1953. Similar figures have been published for former years. During these four years we find that dividends were at a very high level, and that in 1953 they reached an all-time high. The figures are as follows:

Rate of Dividends on Paid-up Capital

Bank	1950 per cent	1951 per cent	1952 per cent	1953 per cent
Montreal	10	12	12½	14
Nova Scotia	16	16	16	18
Toronto	16	16	16	17
Provincial	7	7	7	7
Commerce	10	10	12	12
Royal	10	12	12¼	14
Dominion	12	12	12	13
Nationale	8	10	10	12
Imperial	14	14	14	15
Barclays	nil	nil	nil	nil

I think it can be safely argued, from that, that the banks now are making very substantial profits.

There is another interesting point, that the general reserves of the chartered banks have risen from $136,755,000 in 1943 to $246,400,000 in 1953. In addition to their general reserves the banks have their contingent reserves, reserves that are often referred to as hidden reserves. On page 2615 of *Hansard* for March 3, 1954, we find that during the past ten years they have been transferring substantial amounts to those contingent reserves. The purpose of the contingent reserves is

to provide for the difference between the published value of their assets and what might be considered the market value. This table reads as follows:

Fiscal years	Transfers to contingency reserves, net
1945	$22,244
1946	6,902
1947	17,243
1948	15,524
1949	20,993
1950	20,600
1951	27,965
1952	27,069
1953	24,834

Note
(a) Amounts are expressed in thousands of dollars.

It is quite evident that they have substantial amounts in their reserves at the present time, and we can rest assured that the contingent reserves are adequate to take care of the writing down of any of their published assets. It is interesting to note also that they do not have to pay any income tax when they transfer earnings to that inner reserve.

I believe the figures I have quoted are enough to show that the banks are in a very prosperous condition. As a matter of fact, the hon. member for Winnipeg North Centre (Mr. Knowles), referring to the banks, said that they were drowning in liquidity. I think that was a poor analogy. I would say that the banks are floating luxuriously on that liquidity. Moreover, they are supported by the government in that floating because there are a number of measures under which the losses of the chartered banks are guaranteed by the government up to a certain percentage. As I say, from the figures I have quoted it is quite evident the chartered banks are doing very well. I feel we would all agree it is highly desirable that they should be doing well, and that they should be in a sound position.

Just so long as economic activity continues at a high level, there is every reason to believe that the banks of this country will continue to prosper. Therefore, I see no reason why the chartered banks should not be required to service additional deposits arising from government expenditures that are made to maintain a high level of economic activity without any additional compensation for that service. After all, those deposits would only represent a small percentage of the total deposits which are represented by loans and investments that bear interest. I would say that such a service could well be regarded as a premium paid by the chartered banks to help assure a high level of economic activity in the country, which would assure them a continued prosperous condition.

The chartered banks in Canada today are in a very preferred position. Many of their risks are safeguarded by the government and their profits practically assured. Therefore, the argument by the Bank of Canada that financing through the Bank of Canada would be too hard upon the chartered banks does not, I think, hold water.

In closing I should like to say a few words about the C.C.F. amendment. The leader of this group has already spoken on it. I would agree that if the chartered banks refused to co-operate fully in carrying out government policy, if they were in an unsound position or if they were operating inefficiently, then there might be justification for nationalization. It has been argued that the chartered banks have operated inefficiently at times in the past from the point of view of the borrower. Reference has been made to what happened in the thirties. The chartered banks refused to make loans to farmers and other organizations. As I pointed out in my speech yesterday, the chartered banks at that time were in reality the victims of circumstances. It was the result of the failure of the government of the day to maintain the economic activity of this country at a high level that few loans were made to industry to extend their production. What use is it to make loans to industry to expand production when they were not able to sell their present level of production? A lot of the criticism levelled against the chartered banks should rightfully have been made against the government's economic and financial policies.

On the other hand, if it is argued that profits are too great, there are many ways in which parliament can take action to limit those profits. I have shown one method by which the chartered banks could provide a greater service to the people of Canada, and of course to the extent that they did that their profits would be reduced.

Mr. Donald M. Fleming (Eglinton): As the Minister of Finance (Mr. Abbott) said yesterday in opening the debate on second reading, Mr. Speaker, Bill No. 338 is a measure that is important but not controversial. One might have expected that a measure of this kind being largely technical would give rise to only a short debate. The amendments that the minister catalogued in his speech yesterday are not far-reaching. There are a half a dozen of them that merit mention, but broadly speaking there is no far-reaching revision of the Bank Act contemplated this year.

The amendments will have the effect of increasing the minimum cash reserve required on the part of the banks from 5 per cent to 8 per cent of their Canadian dollar deposit liabilities; the banks will be for the first time in Canadian banking history given the power to lend on the security of mortgages on real estate, through the medium of insured loans provided for in the new housing act which was passed through this chamber and given third reading yesterday. The other amendments are not of an extensive nature. Provision is made for facilitating loans on the part of banks for the development of the oil reserves of this country. There is a slight amendment to the important section 88 in relation to loans in the case of seed potatoes. There is a prohibition which has been expected for a long time against the issuance of notes in circulation and a provision for doubling the capital requirement on the part of new banks, both as to subscribed and issued capital.

There is nothing in amendments of this kind, Mr. Speaker, that would give rise to an extensive debate on second reading. However, the leader of the C.C.F., on behalf of his party, yesterday introduced an amendment that I think should engage the serious attention of the house. The amendment, as it is recorded on page 2778 of *Hansard* for March 8, 1954, reads as follows:

> That Bill No. 338 be not now read a second time but that it be resolved that in the opinion of this house consideration should be given to the national ownership and public control of the chartered banks.

I welcome the introduction of this amendment. I do not welcome it because I am prepared to give any support to it or because it finds any degree of favour in my eyes. I welcome it, Mr. Speaker, for several reasons.

It may help to relieve something of the tedium of dull debate in a session that has, as a whole, been rather dull—although I do not pretend to confound contention with constructiveness, or to say that dullness is always the test of constructiveness. But I do welcome it, principally because there is revealed in this amendment an element of self-exposure on the part of the socialist party which, I think, is timely.

We have seen over a period of years a change of doctrine on the part of the C.C.F. from time to time. Perhaps some of them will think that is a harsh way of putting it. I think it has gone much beyond mere changes in emphasis. Those of us who have watched them in the house over a period of years have seen very pronounced changes in the doctrines espoused by the socialist party in the House of Commons. Some of these changes have been attributable, of course, to changes in personnel of that party in the house. For instance we recall that after certain by-elections in June of 1948, with the entry of several—two in particular—new members of the socialist party into this house, there was a definite leftist turn in the flavour of C.C.F. speeches. After the rebuke administered by the electorate to that party in 1949 we find them rather shrinking away from the tendencies which had been evident previously, and becoming more cautious and moderate. Indeed it reached the point where one hon. member of that party, then representing the riding of Moose Jaw, began to make speeches which by no stretch of the imagination could possibly be reconciled with the doctrines which had been espoused by the party to which he gave outward adherence.

Mr. Sinclair: You are so right.

Mr. Fleming: And, coming to the present parliament, we have seen some evidence again of a tendency to shift left, with the accession to the C.C.F. membership in the house of some whose views appear to be considerably to the left of those who sat as representatives of that party in the twenty-first parliament of Canada.

Mr. Stewart (Winnipeg North): Would you like to tell us who they are?

Mr. Hodgson: You know who they are; why ask that?

Mr. Fleming: If the hon. member does not know, then I suggest he has not been spending his time to very good advantage.

Mr. Speaker, in this amendment we see the C.C.F. back at Regina. The leopard has not changed his spots. Notwithstanding the shifts of emphasis and the shifts of policy we have seen in the socialist party in recent years, they are right back at Regina. And we have waited—I think some of us with interest—for evidence that the C.C.F. stands firmly where it stood when its Regina manifesto was written in 1933.

Now, may I ask the house to put side by side the amendment introduced in this house yesterday with this extract from the Regina manifesto of the Co-operative Commonwealth Federation adopted in July of 1933. Under the heading "Socialization of Finance" we find this subheading:

> Socialization of all financial machinery—banking, currency, credit, and insurance, to make possible the effective control of currency, credit and prices, and the supplying of new productive equipment for socially desirable purposes.

And then this paragraph proceeds:

> Planning by itself will be of little use if the public authority has not the power to carry its

plans into effect. Such power will require the control of finance and of all those vital industries and services, which, if they remain in private hands, can be used to thwart or corrupt the will of the public authority. Control of finance is the first step in the control of the whole economy. The chartered banks must be socialized and removed from the control of private profit-seeking interests; and the national banking system thus established must have at its head a central bank to control the flow of credit and the general price level, and to regulate foreign exchange operations. A national investment board must also be set up, working in co-operation with the socialized banking system to mobilize and direct the unused surpluses of production for socially desired purposes as determined by the planning commission.

Insurance companies, which provide one of the main channels for the investment of individual savings and which, under their present competitive organization, charge needlessly high premiums for the social services that they render, must also be socialized.

Mr. Speaker, the C.C.F. has marched now, for all to see, right back to Regina. There had been suggestions previously that the C.C.F. had turned its back on Regina. Indeed, Mr. Donald C. MacDonald, then national director of organization for the C.C.F. party, and now the provincial leader for that party in Ontario, on March 8, 1951, had occasion to object to interpretations placed upon decisions taken by the C.C.F. national council in that month of March 1951, and which had been widely commented upon by the press and public of this country. He was trying to reassure the public in a letter to the press, in which he said:

In the second place the C.C.F. national convention did not reject the Regina manifesto.

Well, on that occasion, if it refrained from rejecting it, it certainly did not say anything about the nationalization of the banks. Indeed, in other pronouncements from the C.C.F. it has been extraordinary that such a degree of silence has been observed on what was regarded in 1933 by the C.C.F. as something of such high importance that it found second place in the list of far-reaching planks written by that party into its platform.

And so, Mr. Speaker, I welcome this self-exposure on the part of the C.C.F. as to its true designs on the Canadian economy.

There is one sentence in the Regina manifesto, in the paragraph from which I have just read, which is absolutely correct. And it is so correct that I hope all members of the house, and the Canadian public, will realize its significance. That sentence is:

Control of finance is the first step in the control of the whole economy.

And, Mr. Speaker, the C.C.F. in proposing, as they are in this present amendment, the national ownership and public control of the chartered banks in Canada, is inviting the

[Mr. Fleming.]

House of Commons to take what they regard as the first step toward the control of the whole economy. Well, for my part, I wish to record as emphatic opposition as any I am capable of to this proposal.

It was a weak case, indeed, that the leader of the C.C.F. offered yesterday in support of this radical and sweeping proposal, such a case that it is not to be justified by expressions such as he used yesterday in describing the banking system as "an instrument of monetary policy". Mr. Speaker, to say that is a far cry from a proposal for the nationalization of the chartered banks of Canada. Indeed, if they are looking for avenues for undertaking whatever monetary and fiscal controls are necessary over the banking system of Canada, then what is the Bank of Canada for? A case could rarely have been weaker than the one put forward yesterday by the leader of the C.C.F.

Now, I wish to make this observation about the Canadian banking system in general. The Canadian banking system is unique in all the world. It is not just like any other banking system in the world. There are some who trace some aspects of it to Scottish sources and others to American sources. The fact is that the Canadian banking system has elements which are absolutely unique the world over. It is a system that has been tested. It is a system that has been submitted to very severe testing—and indeed probably the most severe within the lifetime of every member in the house. And no banking system in the world emerged from the acid test of the depression of the 1930's with a better record, or in a stronger or more healthy position, than the Canadian banking system. Much of that health of course is attributable to the fact that it is a system built upon branches. In that respect it has differed so much from the system in vogue in the United States. That branch system has drawn its strength from the whole far-flung economy of Canada.

It is so easy for hon. members to the left to picture the banks as if they were the enemies of the economy, as though all the ills in the economy were to be attributed to the banks. Mr. Speaker, anyone who knows anything about the banking system, or has studied the history of the Canadian banking system, well knows that in general what is good for business in Canada—and that goes for all aspects of the Canadian economy, our primary industries as well as secondary industries—is good also for the banks. The banks cannot prosper when the Canadian economy is stagnant or receding.

Sir, this banking system is such that there has been no failure of a chartered bank now

for more than 30 years. We do not want any more bank failures; we do not want such tinkering by theorists with the Canadian banking system as in any measure to jeopardize the soundness of that system, because the effects of the failure of a chartered bank extend far beyond the interests of its depositors, its creditors and its shareholders. That was so in connection with the last bank failure in Canada, the Home Bank. The effects of that failure extended very far into the Canadian economy. And, Mr. Speaker, we do not want in this house, I believe, to do anything that is going to subtract from the strength of this system. It is a system that has grown in strength and in public confidence.

Those factors do not occur by accident, Mr. Speaker. You cannot find any more effective tribute to the soundness of the Canadian banking system, or to the way in which it has served the banking needs of the Canadian people, than the fact that the system has grown stronger and that with it has grown the public's confidence in it. Indeed the leader of the C.C.F. party (Mr. Coldwell) felt called upon to recognize the service and what he called the impressive record of the Canadian banking system. At page 2772 of *Hansard* he is reported as saying:

> I am going to say at once that the Canadian banks have a very impressive record of efficient management, of safety—

And then of course he added:

> —and of profit to their shareholders.

Well, let us take that statement as we find it. It is at least a recognition of the banks' impressive record, in the way in which they have served the needs of the Canadian economy. Sir, yesterday the Minister of Finance, in opening his speech, used these words, at page 2761 of *Hansard*:

> . . . there is general agreement that within the framework of our accepted economic structure our banking system is an excellent system; that it is efficient; it gives good service; it commands the confidence of the Canadian people; and it is highly regarded abroad.

Let me say at once that in so gauging the opinion of this house he certainly spoke for me, because those sentiments I do most heartily echo.

Let it not be forgotten, sir, that the Canadian banking system is a competitive one. That is one of the reasons for the strength of the Canadian banking system. It has been a system based upon keen competition. And in the last analysis, sir, its strength rests upon the way in which it has served the Canadian people; for businesses and individuals in this country from one end of it to the other have owed so much to the advice and guidance they have received at the hands of their bankers.

But we have attacks made, sir, on the Canadian banks. We have attempts on the part of socialists in this house to blame the banking system for all the ills of the country. Everything that is wrong can be laid at the door of the banks: such is their reasoning. Well, let us be fair about this. Let us recognize in the first place that limitations are imposed upon the business of banking; they are imposed by statute of this parliament of Canada and they are imposed also by sound common sense.

Banking is important; it is a factor of the highest importance in relation to our own economy; but it is not the only factor in the Canadian economy. And I cannot agree with those in this house who say that the regulation of the volume of bank deposits is the dominant factor in determining the strength of the Canadian economy. Sir, those who think along that line would do well to recall what Mr. Graham Towers, the governor of the Bank of Canada, has had to say before some of the committees in this house in recent years in commenting upon the preamble to the Bank of Canada Act. Let me remind the house of the provisions of the preamble:

> Whereas it is desirable to establish a central bank in Canada to regulate credit and currency in the best interests of the economic life of the nation, to control and protect the external value of the national monetary unit and to mitigate by its influence fluctuations in the general level of production, trade, prices and employment, so far as may be possible within the scope of monetary action, and generally to promote the economic and financial welfare of the dominion.

Mr. Graham Towers has had occasion more than once to shake his head before committees of this house when faced with that preamble and to question how the Bank of Canada could be expected to fulfil all the objects set forth therein. It is perhaps time that the house measured a little more realistically the possible scope within which even the central banking facilities of this country may operate.

And the second limitation, Mr. Speaker, is the sound and legitimate limitation against the taking of unhealthy risks. It seems that when anybody has some pet project, if the banks do not lend money upon it, that is fair occasion for denunciation of the banks. Let us remember, Mr. Speaker, that the powers of the banks are limited by law and many risks the banks and others are called upon to take are unwise, and in shrinking from

those risks the banks are following the sound practice of protecting the deposits that are placed in their hands.

We heard criticism in this house yesterday of the fact that parliament had intervened in such measures as the setting up of the industrial development bank, in the provision of farm improvement loans, home improvement and extension loans and in the insuring of loans under the National Housing Act, and has underwritten risks which private enterprise and the chartered banks ought to be accepting.

Well, Mr. Speaker, who says that the banks ought to be accepting those risks? Surely, Mr. Speaker, those who are charged with the responsibility of administering funds placed in their hands, funds largely emanating in the first place from deposits in their hands, must be very calculating in their assumption of risks with money that after all, in the last analysis, does not strictly belong to them.

In reference to all these measures, why do the socialists in this house not be fair and say that the banks were pushed into loans of these kinds, were urged to embark upon fields which were foreign to their experience because it was public policy on the part of this parliament to encourage the banks to enter those fields? We had evidence just the other day—I am not going to comment on this at length—of the position of the banks in reference to the extension of their powers into new investment in insured loans on the security of real estate.

This is a new field, brand new to the banks. They say they do not know anything about it, and they would not have chosen to be in it. They did not ask to go into it. They are put in that field today only because it becomes public policy on the part of parliament to give them powers to go into that field.

In all these measures, Mr. Speaker, whether it is insured loans, home improvement and extension loans or the industrial development bank, it was the decision on the part of parliament that the banks go into a field which was largely at that time beyond the range of banking policy. It is quite proper in these cases, Mr. Speaker, it seems to me, when parliament is prodding the banks to take risks in new fields, and where substantial risks are involved, that parliament, if it takes the course of following what is considered to be sound public policy, should be prepared to facilitate those steps.

Let us look at experience elsewhere. The experience of other nations in this respect is interesting but we do not have to go beyond the experience of the United Kingdom. When the socialists came into power in the United Kingdom in 1945 they had ample opportunity —no government ever had more—to take every step they wished in the direction of nationalization of the joint stock banks of that country; but when Labour went out of power at the end of 1951 they had not nationalized a single joint stock bank in the United Kingdom—not one. What more proof do you need that nationalization of banks is an imprudent and reckless course? The Labour party today in Britain is not making any proposals along the lines the C.C.F. party in this parliament has undertaken to put forward and espouse in this amendment.

I wish to examine, in the time that remains, what I consider to be the certain effects of nationalization of the Canadian banking system, if such a course were ever undertaken.

The first result would be to drive confidence away. Sir, you cannot have capital available for needed investment unless there is confidence. It was Lenin who said that all you needed to destroy the political system of the west, or democracy, was to have a series of recurring depressions. I am not sure he was altogether right, Mr. Speaker, but at any rate it remains a fact that if you destroy confidence then you certainly can destroy an economy, because a free economy depends upon confidence.

What are the sources of capital in an economy such as ours? The first source is profits, that much-maligned word, that word which is thrown around as though there was something inherently wicked about profits. I am not going to condone profits which are improperly made or are excessive. I am here to say, however, without fear of contradiction, that profits are absolutely essential to our free economy, and if there are not going to be profits there is not going to be national development, nor will there be the capital for the development of these great resources of Canada.

When our friends to the left decry the profits which the banks made in recent years, let us not forget the years when the banks, like other institutions, were not making profits, and when business was finding it difficult to succeed. Let us not forget also that in this prosperity the exchequer of the Canadian government is the principal shareholder.

The second source of capital is from abroad. One reason for the strength of the Canadian economy has been that it has given rise to confidence abroad, and no one factor has contributed more to the feeling of confidence abroad in the Canadian economy than has

the Canadian banking system. Indeed, that was recognized only last week in a speech made by President Gordon R. Ball of the Bank of Montreal when he said that the increasing foreign investment at stake in Canadian industry is an accumulating benefit to the nation. I would like to quote from a BUP dispatch of the speech made by Mr. Ball at Montreal on March 2. The report states:

> The foreign stake in Canada has increased by $3 billion since 1945 to more than $10 billion at the end of 1952, Mr. Ball said. The increase, compared with $30 billion of new Canadian capital expenditure in eight years, represents less than 8 per cent of Canada's post-war spending of a capital nature.
>
> Mr. Ball referred to Canada's oil industry as "a world industry," and he said it was to be expected that much of the stimulus to explore and develop the potentialities of the Canadian west should come from United States companies.
>
> Of all United States foreign investment, Mr. Ball said, close to one-third is in Canada, and a considerable part of that came from the re-investment of profits, which made the investment "not a drain but an accumulating benefit."

Of this widening area of United States participation in investment in Canada, Mr. Ball said, "it was a natural development and it should be understood before it is criticized."

If you want to put a stop to the assistance given by foreign capital to the development of Canadian resources, and thereby to the provision of expanding opportunities for Canadian youth and workmen, then all you need to do is to support measures of the kind envisaged in this C.C.F. amendment. There can be no surer way of destroying confidence abroad in Canada's economy than to carry out the proposal made for the nationalization of the Canadian chartered banks.

Even the effect of speeches such as the kind which have been made by C.C.F. members in this debate has been harmful on this occasion, as on past occasions, when they affect that confidence.

The second result of nationalization would be a breakdown. There is not enough wisdom in any government to operate a banking monopoly in Canada. A year or so ago I heard the present Chancellor of the Exchequer in the United Kingdom, Mr. R. A. Butler, make this comment in the House of Commons at Westminster in reference to a measure taken by the government. He said: "The view of the government is that businessmen best know how to run business." By the same token, may I express my view that the bankers of this country, reputable, competent and highly respectable, best know how to operate the banking system of this country. One would imagine, listening to some of the speeches made in this house, that anyone without the slightest experience in banking, or even in managing a business—with one sole exception in a certain party—could step in and manage not just a branch of a bank, not just one entire chartered bank, but all the banks in Canada. To reduce the position to terms such as that, Mr. Speaker, is to expose its utter absurdity. I do not know how many hon. members in this house have had personal experience in relation to banking in Canada. I doubt very much if there are many. Perhaps you could count them on the fingers of both hands. But I am perfectly certain, sir, that they are not to be found among those who are advocating nationalization of the Canadian banks. It seems to me that the less experience they have of the banking business the more freely they talk of taking the banks over and running them through some little cabal here in Ottawa.

The third result of nationalization would be an end of competition in our Canadian banking system, and with the end of competition would come the end of a factor which has been one of the greatest contributing factors to the strength of the Canadian banking system.

The next result would be regimentation. That is quite clear, and all one requires to do is to refer to that clear-cut and accurately expressed sentence in the Regina manifesto to which I alluded earlier, namely: "Control of finance is the first step in the control of the whole economy."

If those who are advocating nationalization of the banks had the right and the power to plunge this country into that course, you know perfectly well, Mr. Speaker, it would be the first step to complete socialization and the foisting upon the Canadian economy of socialistic regimentation—the inevitable accompaniment of socialism.

The fifth result, sir, would be centralization of power over the entire Canadian economy right here in Ottawa. Centralization of economic and political power has been the inevitable and invariable accompaniment of socialism. We have seen it in the United Kingdom. We have seen it in other countries where nations have plunged into a socialistic course. For a country like Canada, so widespread in geographical extent, so diversified in its nature, a nation that has every reason to avoid centralization by reason of the duality of cultures, the danger of centralization here at Ottawa of vast powers is an especially threatening peril and one that we must avoid at all risks. Do we wish to see all the bank employees of this country made civil servants? What bank manager, under those circumstances, is going to feel free to impart advice to those who are seeking loans

from the bank? Being a civil servant, do you think he is going to set himself up to advise the public? That is not the role that is usually chosen by civil servants of their own volition.

When you examine in detail what this proposal would mean, Mr. Speaker, I think it serves to show how little serious thought and serious experience have entered into it. What man is going to go to a civil servant and discuss, in the intimate and confidential way that is customary today between bank customers and bank managers, his pressing private affairs? Under those conditions, I submit that the proposal smacks of absurdity.

The sixth result would be opening the door to political influences. Mr. Speaker, I ask you to think of the function of the branch manager of a socialized bank in dealing with an application for a loan, if political pressure through the local member of parliament or through the local political organization associated with the party to which the government in power belongs were exerted upon him. I contend that you are opening the door to the wrecking of any pretence of soundness in the Canadian banking system. Go further, Mr. Speaker, if you will, and think of the recovery of loans or security on the part of the banks in case of default. Think of the intrusion of political pressures into a situation of that kind. Again you are opening the door, by proposals of this kind, to a complete bedevilling of the whole Canadian economy and any pretence of sound business methods in the Canadian economy.

The seventh result would be to place depositors' funds at the mercy of political pressures and the whims of an oligarchy here at Ottawa. Put this up to the average Canadian. How many of them would wish to entrust their precious savings to the management of those who would be dominated here at Ottawa, if this proposal ever were carried into effect, by long-haired theorists who know jolly little about the operation of the banking system?

I have referred already to the matter of confidence abroad. I say that as an eighth inevitable result, the nationalization of the Canadian banking system would lead at once to the loss of confidence abroad and an end of investment of foreign capital in the development of our Canadian resources.

I submit to this house that the proposal contained in this amendment is just as unsound as any proposal could possibly be. Indeed it is difficult to understand how hon. members of this house could really seriously put forward such a proposal. It is dressed up. It is given, as best that could be done by those who have espoused it, a seductive attraction. But, Mr. Speaker, those who have put forward this proposal and have urged nationalization of the Canadian banking system are simply singing the siren song of socialism.

Mr. Alistair Stewart (Winnipeg North): Mr. Speaker, having listened to the hon. member for Eglinton (Mr. Fleming) for the last 30 or 40 minutes I have come to the conclusion that he is going to vote against our amendment.

Mr. Knowles: He refuses to be seduced.

Mr. Stewart (Winnipeg North): As usual, he waxed eloquent, he waxed wrathy and he waxed indignant. I know of nothing in this house against which he does not pour out his indignation. In judging between the various types of indignation, I find great difficulty in ascertaining which is the greater and which is the lesser. I find it difficult to ascertain whether he is more indignant at times against the government for its budgetary policy or its housing policy or against us for introducing into this chamber the subject of nationalization of the banks. However, I should really congratulate him. We appreciate what he did. Yesterday we dangled the bait in front of the supporters of the capitalist system—I refer to the bait of nationalization of the banks—hoping that somebody would gulp it and that we could then have a debate on our own terms. The hon. member for Eglinton has obliged us. I extend an invitation to other members to do exactly the same thing. This is particularly what we want.

The hon. member for Eglinton suddenly found out that we in the C.C.F. had exposed ourselves, that we had become socialists. Here we are coming to the Canadian House of Commons and saying that we want nationalization of the banks. A great light apparently has descended upon my hon. friend. But had he read the amendment we made ten years ago, he would have found that it was much similar in terms. I suppose one could say that being ten years out of date is not too much to expect from a Tory. But he is really twenty years out of date, on his own admission, when he reads to us the Regina manifesto and says, "Here is the C.C.F. actually proposing once again the socialization of the banks". Of course we are. We are doing it, we think, for a good reason. Some of his other arguments I shall take up during the course of my remarks.

Mr. Knowles: And take apart.

Mr. Stewart (Winnipeg North): And perhaps take apart too. Apart from our own amendment, I think one of the most significant amendments was that moved by the government, namely that dealing with the lifting

of the prohibition of loans upon real estate. There has been a distinct change of mind on the part of the government over the last few years. It was just ten years ago when Mr. Ilsley said in parliament that ours has been a banking system of unusual strength, and that this is owing, in part to other causes, but in part to the prohibition of loans upon real estate. So ten years ago this government would have looked askance at such loans. Ten years ago this government would apparently have frowned upon such loans. They appeared to regard them as unsafe. But belatedly there has been a change of opinion on the part of the government and now they regard them as quite acceptable.

Of course it is a dramatic change in policy which the banks themselves do not want. One might perhaps ask this question. Is the government chipping and chiselling away at the foundation of security which these great banking edifices have built? Is the government deliberately trying to weaken the banking system by introducing this legislation? Obviously the answer is no. I would say that the government has come to the conclusion—and again a belated one—that the banks of Canada are not playing their full part in the economy of Canada and so the government is determined to try to induce them to do so. It will be difficult. Banks and bankers, in this country especially, are cautious and conservative. The banks do not like change. They do not want change. They will resist it. They do not desire change. They will oppose it. When change comes along, they oppose changing even change. They are thorough conservatives, to the extent that they are quite prepared to die defending that which their predecessors died opposing.

But why then should there be this amendment? I have a reason with which the Minister of Finance (Mr. Abbott) may not altogether agree. I think it is because, to some extent, the banks are being made instruments of government fiscal policy. It is a change which we appreciate because as we see it it is another socialist nail in the coffin of capitalism.

I said that the banks were conservative and cautious. The hon. member for Eglinton (Mr. Fleming) raised all sorts of bogeys as to what other people thought about the banks. As far as we are concerned, we do not underrate or underestimate the part they play in our society and in our economy. The banks perform functions of tremendous importance. In other days I know that the banks were maligned and blamed because they were creators of credit. But I maintain that the creation of credit is a necessary business. I maintain that the creation of credit is an honourable business as well as being necessary, and if the creation of credit were to stop then the economic system under which we are living would grind to a sudden and dismal end.

Nevertheless there are certain anomalies in the situation. For instance, the government insists, and rightly so, that the profits from the issue of money, that is, coinage, notes and so on, should revert to the state, and yet it agrees that the profit from the expansion of credit should not. We are told that the creation of money is the prerogative of the state. If the Minister of Justice (Mr. Garson) found somebody else creating money I imagine he would not rest until he had locked up that person for a certain number of years. It is a serious offence for individuals to create money in that sense, and yet it seems to be right and proper for the banks to do it by creating credit.

In view of the fact that the Minister of Finance is going to bring down the budget at some indeterminate time, and in view of the fact that he may be looking for a little extra money with which to satisfy the pressures that bear upon him, I suggest that here is an avenue of taxation. There could be an element of taxation upon this profit arising out of coinage, at the expense of the nation. I do not say these profits are fantastic, far from it, but there is an element of profit there which could well revert to the public treasury.

If the banks are as conservative as I believe them to be, what place is there for them in what is really a young and dynamic society? We are living in a free-enterprise world. It is one in which risks are allegedly taken, one in which we take various chances to achieve our ends. But the banks are not prepared to take risks. The hon. member for Eglinton said that my leader made out a weak case yesterday. He made out a case the purport of which was that the banks today were taking no risks whatsoever. I think it is a case which to some extent is worth repeating. The hon. member for Rosetown-Biggar (Mr. Coldwell) mentioned yesterday the Farm Improvement Loans Act of 1944. The purpose of that measure was to provide short and intermediate credit for the improvement and development of farms. The banks were not coming across. They were not prepared to take any risks whatsoever to give farmers the credit they wanted, and so the government had to step into the picture and introduce the legislation.

As the act says, the purpose of the measure was to assist the average farmer who ordinarily would not be able to obtain bank credit for such proposals. The banks by

themselves were unwilling to do it. The banks consented to do it only when the resources of the people of Canada were mobilized through the government and when the banks were told that they would be guaranteed against any possible loss up to 10 per cent of the total loan. Why should the banks not have accepted that risk? The hon. member for Eglinton asked that. Was there any great loss associated with it? History says no. Indeed, I believe the loss was in the neighbourhood of 1/100th of 1 per cent up to 1952. Surely this was a risk which private enterprise could have taken, but the capitalist banks refused to undertake it until they were guaranteed by the resources of the people against loss.

There was a suggestion ten years ago that fishermen should receive the same sort of treatment as farmers. At that time the government was prepared to introduce legislation. For its own good reasons it did not do so, but it would be very interesting to find how much money was advanced by the banks to fishermen without the guarantee of the government which was given in the case of the Farm Improvement Loans Act.

In 1937 we had the Home Improvement Loans Guarantee Act under which the government hoped to create employment to some extent by means of loans issued through the banks to individuals who would use the loans to improve their homes. The banks were not prepared to go ahead with the scheme. Pressure was brought to bear on them by the government, but until the House of Commons again guaranteed the banks against loss, they would risk nothing. What was the measure of risk anyway? I am told that losses under the Home Improvement Loans Guarantee Act were less than 1 per cent, but before the banks would take the chance of losing 1 per cent they had to be guaranteed up to a total of 10 per cent of the total loans made.

What about the industrial development bank? That was a bank which we started ten years ago because we were told that it would harm the banks' liquidity if they were to undertake loans such as were envisaged under the industrial development bank. What happened? In the last ten years approximately $76 million net in loans has been advanced. That is an average of between $7 million and $8 million a year. Is there any member in the house who would suggest for a moment that $7 million or $8 million so invested each year by the banks would have harmed their liquidity by one iota? Of course not. The banks were not prepared to go ahead and so the government did so. What about the losses under this particular scheme? According to the last balance sheet I saw losses totalled about $163,000, $\frac{1}{8}$ of 1 per cent of the net loans or 3 per cent of the entire profit made over the period the industrial development bank was in operation up until last year.

Was this 3 per cent too great a risk for the private banks to undertake? Apparently it was. They did not want to go into the field. Now they are being asked to go into the field of lending money on mortgages. They do not like it. They have told us they do not like it, and I suspect that they feel like sacrificial goats upon the altar of capitalism. But no matter how much or how little blood they exude, the fact remains that they are going to be guaranteed against loss up to 98 per cent. The fact also remains that they are going to be given a very attractive rate of interest—we do not know what yet. I suspect it may be as high as $5\frac{3}{4}$ per cent, but if it is $5\frac{3}{4}$ per cent then that is akin to usury for what is a gilt-edged investment.

We are told about the liquidity of the banks. In the past that liquidity has been a fetish, but it is now a fetish which is losing some of its sanctity because the government is suggesting that the banks decrease some of their liquidity and put funds into mortgages. Of course the argument of the banks is that they must always be able to meet the demands of their depositors. That is true, but very frequently the banks do not look on the banking situation in Canada as a system. They are inclined to look upon it only from the point of view of their own particular bank. However, when a cheque is withdrawn from one bank then under the system it becomes a deposit in another bank and the system as a whole is not affected.

The deposits of the people of Canada are safe. Let there be no doubt about that. But why do the people know that their deposits are safe? The simple reason is that in the event of any calamity overwhelming a bank the collective resources of the people of Canada through their government would come to the rescue of that bank and the deposits would be more than adequately safeguarded. Their deposits would be secure and are as secure today as government of Canada bonds. The reason is that the government is behind the banks. Of course the government is behind them. The government protects, secures, guarantees and on occasion bails out the banks, as it did in 1931. The banks can pawn, pledge and mortgage without loss; the banks can lend, advance and invest without loss. The banks are protected in making profits. The banks have been guaranteed against losses. Was there ever a welfare state like this? Is there any group

in Canada that is so well protected? Is there any group in Canada that is so well off as this little empire which has been carved out of the Canadian economy? I doubt it.

Obviously, all the banks want is the cream. They are not prepared to take the skim milk. Others can take the risks, but the cream is for them. I do not deny for a moment that skim milk may be nutritive, but one gets tired of it, and perhaps one may aspire to a little cream. The fact is, however, when cream is the sole diet then one becomes fat, lazy and lethargic, a situation in which our banks are already. They are adamant for a riskless industry. So long as the banks are not prepared to play their part in a free enterprise system, the part they are expected to play, I can see no reason for their existence as members of a free enterprise system. Not for a moment do I deny there is competition. I know there is competition between banks, because I have seen it. But I submit that that competition is for business that involves loans, investments and securities which are as riskless as possible.

As I see it, the reason advanced for the existence of free enterprise is the willingness to take risks. The banks are far beyond that stage. They have graduated. They are looking now upon the Canadian economy from a much higher point of view—I will not say from an avuncular point of view, I leave that for the Prime Minister (Mr. St. Laurent)—but from a paternal point of view. It is not fatherly in the sense that we usually associate with fatherhood, but from a patriarchal point of view. They look upon the Canadian scene through cold, unfeeling eyes. They are against the rashness and wickedness of risk-taking. They must be secure in everything they do. For all practical purposes they have immobilized themselves.

We, in the C.C.F., argue that the banks have a far more vital part to play in this country. We argue, from the evidence that has been submitted, that the banks are not prepared to play that part. One of the functions of a banking system is to help to maintain full employment. I do not say for a moment that the banking system can avert depression, but the banking system is ancillary to fiscal policies carried out by the government. It is conceivable that there could be situations in which our bank treasuries were brimming over with money to lend and nobody would want a loan. The demand for loans can only come through the fiscal measures instituted by the government of the country. The demand must be inspired.

There is one matter which has to be remembered, one figure I think which has to be remembered, even in a free enterprise system. It is an index figure which should be emblazoned on the minds of the cabinet. It is the index figure of unemployment, because that is the index of the health of the society in which we are living. We do not believe that we can get full employment consistently in a free enterprise system without the ownership and control of the banks.

The government disagrees. The government believes that control can be achieved through the Bank of Canada. Yet, if we are to call history as a witness, the fact remains that in the years from 1935 to 1939, when we had the Bank of Canada and when we can assume it had the powers it needed, nevertheless there was a steady half million of unemployed. Some 25 per cent of our resources were not used. The government had the control. The government had the power, but the government did not give Canada full employment. We have those controls which the government today insists are still adequate.

How adequate would those controls be in a time of declining prices; in a time of pessimism in the market; in a time of financial stringency? It is at that time credit should be expanded. Does the government believe, through the controls it has, it has sufficient power to compel the banks to expand credit at that particular time? Will the banks not be confronted, as they have told us so often in the past, with their obligations to depositors and their obligation to their shareholders? We say that we do not believe those controls will work in such a period of declining prices and pessimistic outlook, therefore the banks have to be nationally owned.

Today the banks in Canada are not only economic factors. They are social factors. They are not only social factors, but they are public utilities. They are to be used for the good of the whole economy. I noticed that the member for Eglinton became very worried today at the idea of nationalization of the banks. He felt there would be political control of the banks. He declares, along with other members, that the banks would not be independent of politics.

What worries me more, and what affects me more, is that politics is not independent of the banks. Whenever the banks are in trouble, whenever they want some security, whenever they want a guarantee, they come to the representatives of the people to bail them out of trouble or get guarantees. The banks are continually interfering with politics so I believe it is high time politics started interfering with the banks and telling them what they have to do.

I said earlier one of the functions of the banks is to help maintain full employment. I am not suggesting that the banks should

suddenly go in for a rash, unwise expansion of credit. It is not always needed. I believe that even in the capitalist system there is always enough money to buy that which is being produced. In other words, I argue there is no inherent deficiency of purchasing power within the capitalist system. I say that for this reason. Every element of cost in industry, whether it be raw materials, wages, rent, interest or profits, must of necessity be an element in somebody's income. This means that at some stage in the game there is always equilibrium. At some or all stages in the game, the total income must equal the total costs.

The mistake which has been made in the past was the assumption that when that equilibrium was arrived at, it automatically meant there was full employment. It means nothing of the sort, because one could have that type of equilibrium with 10 per cent of our resources used, 50 per cent or 90 per cent. Only at one particular point could we have equilibrium where there is full employment, and that particular point can only be arrived at by conscious planning by the government. This government, which supports free enterprise, opposes conscious planning. Indeed, conscious planning would be the very antithesis of free enterprise. The government can argue that they have, in recent years, achieved a state of full employment, but it was not by conscious planning. It was, perhaps, due in part to preparing for war; but as a normal, steady situation under a capitalist system full employment can only occur by the most amazing fluke.

Let me go further and assume that equilibrium with full employment and with a total effective demand for 100 units. This would imply total costs would be 100 units. In society as we have it today, 80 of those units might be spent on consumption goods, leaving 20 for savings. Out of that saving, 10 would be expended on capital goods and 10 would be hoarded. This means that there are 90 units available to buy that which costs 100. I need not enlarge upon the economic effects. It means there would be a downward trend in prices. It would mean we were headed to some extent for a depression unless the government were to take remedial action. This analogy does not mean there is insufficient purchasing power within the community. The purchasing power is there, but it is not being used. It is lying dormant, probably in the banks.

The way in which this dormant purchasing power should be taken up is by fiscal measures undertaken by the government. The government can increase consumption, it can increase investments; or it can do both. But if the government wishes to maintain full employment it has got to take active and remedial steps.

As I said, this means conscious planning. We do not say there is insufficient purchasing power at that stage, but that there is maldistribution of purchasing power. And it is there in part where you find the basis of the socialist case. The money is there, but too few are getting too much of it, while too many are getting too little of it. There is only one way that situation can be alleviated, and that is by taxation and fiscal measures. If we want to make the poor richer, then we have to make the rich poorer. There is no secret way of achieving equality in society except by that sort of redistribution.

An hon. Member: They have done that in Russia.

Mr. Stewart (Winnipeg North): No, they have not; and you do not know much about Russian economics if you believe that. There is more class distinction in Russia today than there is in Canada.

Our complaint is this. The banking system ought to be prepared to lend, to invest and to take risks, but our banking system is not always prepared to do those things. The commercial banking system ought to be prepared to play a more vital part in the economy of the country, if we are to have full employment and if we are to achieve something which I have no doubt all of us have in mind, the abolition of poverty. And yet recent history gives no guarantee whatsoever that the commercial banks are prepared in any way to take risks. They will not do so without guarantees. Well, if we are going to guarantee the banks in this way would it not be better and quicker just to take them over and do the job ourselves?

We argue that the government must plan consciously for the full use of our resources, and that can be done only, in part, by owning as well as controlling the machinery of credit. After all, the fundamental case for socialism rests on a policy of removing economic privation and poverty. We maintain that poverty is probably the greatest evil in the world today, the evil from which all other evils spring. Poverty is the impassable barrier to things that give value to human life. Poverty is the lot of far too many in this country. I am not suggesting that nationalization of the banking system will remove it, but I do maintain that nationalization of the banks will be a substantial step forward to this end.

Mr. H. A. Hosking (Wellington South): Mr. Speaker, I had no intention of taking part in this debate, but after listening for two days to a debate in which members of the C.C.F. party have been expounding their socialist views I have thought it necessary to say just a word or two, so that the people in my riding will know that I do not agree with their views.

First, I think the banks have done an exceptionally fine job. Any responsible person in a community can go to a bank and borrow money at a reasonable rate of interest. Far more people could and would borrow money from banks at this reasonable rate of interest, if it were not for the propaganda that has been spread across the country by people who have made speeches very similar to those we have heard in this House of Commons in the last two days.

The banks are good institutions: they are not bad institutions. They are good places from which to get money and with which to do business. They are good places from which to borrow money when it is found necessary to borrow money. And I just cannot understand the lack of consistency in the arguments offered by hon. members in the C.C.F. when at one time they condemn the banks and at another they say they are such great sources of revenue that the government should take them over. I think that is an inconsistency. If they are doing such a bad job, then surely the government should not be expected to take part in that bad job. If they are doing a good job, then why not allow the men who have done this good job to continue to do it.

Let me draw some comparisons between the banks and other institutions that lend money. I do not believe the average person should be encouraged to borrow money. That is not the policy my father taught me. In our house it was always considered dangerous to get into debt. And I think before the next ten or twenty years have passed it will be considered an unfortunate situation when a person is in debt. And when we hear it suggested loosely that we should borrow this, borrow that or borrow something else, I say it is very bad propaganda to be spread across the country from this House of Commons. But if a person does have to borrow money, surely the banks should not be criticized.

We have lending institutions in this country that charge as much as 24 per cent on many of their loans. And many of our citizens—far too many of them—are buying goods under those conditions. They will buy refrigerators and television sets in which they would have an investment of some $500 or $600, and on this investment they would borrow as much as $500. In one year they will pay as much as $60 in interest charges on an average loan of $250. And when we find a rate of interest as high as 24 per cent, then I would highly recommend to the people who borrow at such a high rate that they consult their bankers, state what they are going to buy, and borrow the money at 6 per cent. Most of them could do this. There are not many people buying pieces of equipment of this kind who would be required to pay 24 per cent interest. Maybe our schools should educate our children to realize what their parents pay when they are confronted with the carrying charges demanded by finance companies in this country.

Some hon. members might be interested to know that many people who buy automobiles pay a higher rate of interest in carrying charges than they pay in the tax on those automobiles levied by the dominion government. On an automobile selling currently at around $3,000 the purchaser must pay at least $1,000 down. This means that he has to borrow $2,000, and usually this is spread over a period of 18 months. If this is done, the dealer would calculate his interest at 7½ per cent on the $2,000 for a period of a year and a half. The interest that he would pay on the $2,000 would be $225. Thus the interest rate is 15 per cent. The tax he pays to the government on that same automobile is $469.

I suggest to people right across this country that they should stop and think before borrowing money at 15 or 20 per cent. We see the C.C.F. party, these socialists, coming out in condemnation of the banks. My recommendation to purchasers would be that they go to their banks and discuss the situation with bank managers. They will receive good advice and will be much farther ahead by getting the money through their bankers at a reasonable rate of interest than if they were to get it through finance companies.

This is one of the weaknesses of our day and age. People think it is quite all right to go out and pay rates of interest running up to 15 or 24 per cent on the articles they buy. My point is that if you borrow $2,000 you compute the interest at a rate of 7½ per cent for the whole $2,000, and at the end of the year and a half there is nothing left of the amount borrowed, except perhaps one payment of $50. But he is still paying the interest computed on the $2,000 which he borrowed at first, and on the average amount borrowed the rate is 15 per cent. He pays 15 per cent on the actual money borrowed. I said he pays 7½ per cent; that is a quick

computation. It is actually 15 per cent that he pays when you consider he borrows $2,000 to start with and has nothing borrowed at the end of the year and a half. Therefore it is 15 per cent on the average amount of money borrowed. That is how it works out.

The only criticism I would make of the banks is of the service they offer to the people of this country. It is very difficult to go to most of our banks on Saturday in any of our large cities and borrow money. The only criticism I can find is that when they sell a service to the people of this country it is unfortunate that on Saturday, the one day when most people are free and should have access to the banks, the banks are not open. I do not think they should be criticized in the manner in which they have been, in this house in the past few days, because of that one weakness.

I would not want to suggest for one moment that I believe the people should borrow money. It is all right for businesses to borrow money because they intend to make more money with the money they have borrowed. But when a person borrows money in order to procure goods before he is in a position to pay for them, then he is paying far too much for those goods that he wishes to buy. If those individuals had the opportunity of approaching their bank managers and talking the situation over with them on Saturdays when they are off work they would find that the bank manager would generally give them the best advice that they could get. The banks could give a better service if they were open the whole week. But we realize that the bank employees should not have to work more days in the week than other people. Therefore we really cannot find much fault with them for closing one day in the week, which unfortunately happens to be Saturday, the same day that everyone else has off. We really cannot find too much fault with that.

We should encourage all the citizens of this country to deal with the banks, more particularly when they want to borrow money, because they will find that they will get a much better rate of interest from the bank than they will get from any other lending institution anywhere in the country.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I listened with interest to the remarks of the hon. member for Wellington South (Mr. Hosking). In his opening remarks he said he did not think that the people should be borrowing money; that he was raised in a school where he was taught that he should pay cash on the line. Then he went on to say that the thing that worried him was that the people were paying too high interest rates, and that they should borrow money from the banks. Therefore I really do not know whether he is for borrowing, against borrowing or just where he does stand. The ordinary consumer of this country will not gain much from the advice given him by the hon. member for Wellington South. He said he thought it was a mistake for people to go into debt to buy consumer goods. I do not think it is a mistake at all. It could be a mistake in given individual cases, but by going into debt for durable consumer goods people are able to make real savings by that means that they would not otherwise be able to make if they were endeavouring to put away a little cash from day to day until they got $400, shall we say, for a refrigerator.

I was astounded by the information he gave to the house that a great many people who buy automobiles pay more in interest charges than the automobile cost, and that happened under the regulations of the dominion government of which the hon. member is a part. Apparently thousands of people across Canada are allowed to buy automobiles, so the hon. member says, and the companies are allowed to charge such high interest rates that the charge for interest exceeds the price of the automobile. Perhaps that is so. If it is so, something should be done, and done immediately, to cut down the high interest rates.

Mr. Hosking: I said a higher rate of interest was paid for the borrowed money than the government charges in taxes.

Mr. Argue: The hon. member said a lot of things. I was not trying to quote the speech back to him in toto. The point I was making was that the hon. member was amazed that often people were paying more in interest charges in the purchase of automobiles than the total cost of the automobile—

Some hon. Members: No.

Mr. Byrne: The hon. member is deaf and blind.

Mr. Argue: If I heard the hon. member incorrectly I withdraw the statement that those were his words. I wrote them down. If that is not his statement I shall let it go right here.

He went on to say that certain people were paying interest rates as high as 24 per cent. That is a shame, and the hon. member should be trying to influence the Minister of Finance (Mr. Abbott) to do something about it and to reduce the maximum interest rate that can be charged in Canada and stop the loan sharks charging legal interest rates up to 24 per cent a year. It is not just the little

finance company often off in the corner somewhere that charges high interest rates. The big retail companies, like Simpsons-Sears in Canada, charge interest rates of 15 per cent on what they call their budget plan. Those high interest rates demonstrate very clearly that today the banking system of Canada is falling down on the job, because if people could go to the banks and get the kinds of loans they want to buy durable consumer goods at 5 per cent or 6 per cent interest I am sure not one of them would be paying a rate of 15 or 20 or 24 per cent.

I read the speech of the Minister of Finance in introducing this measure, and the greatest weakness of the present proposal is the fact that the government, through its legislation in regard to chartered banks, has no program to prevent a recession, no program that I know of to increase the money in the hands of the consumers in Canada when we are facing a recession. Probably the Minister of Finance does not think we are facing a recession. I say we are in a recession now, and unless something is done about that recession very soon it may turn into a full-scale depression.

I am indebted to the hon. member for Prince Albert (Mr. Diefenbaker) for having suggested to me that the speech from the throne in 1929 would make very interesting reading, the speech from the throne by a Liberal government. This is what the second paragraph says, as recorded at page 2 of *Hansard* of February 7, 1929:

> The unprecedented prosperity which is apparent throughout the dominion affords cause for the deepest satisfaction.

That was in 1929. I continue:

> Never in the history of Canada has there been such industrial and commercial expansion as that which has taken place during the past twelve months.

We have already heard that during this session. I continue:

> The industry and enterprise of our people have been rewarded under Providence with an abundant harvest.

That's for sure right now.

> In the production of agricultural and other basic industries all previous records have been surpassed. New records have also been established in the volume of construction and in the volume of foreign trade. Employment has been maintained at a high level and all indications point to a continuance throughout the country of the present favourable conditions.

Back in 1929 the government of the day, of the same political complexion as the present government, told the people of Canada that everything was fine, that production was high, that employment was high, that we had a wonderful crop; yet a few months later we were in the depths of a depression. I hope we do not have anything like that again. But you will not prevent a depression by failing to recognize the signs that are very evident now that point to depression.

During the discussion on the resolution I expressed the belief that the banks usually followed the wrong practice in making loans as far as the interests of the country were concerned. In periods of inflation loans are usually easy to obtain, but in a period of declining prices the banks start to tighten their purse strings and the public find it very difficult to obtain loans. The banks, in spite of their assistance in averting a recession, by their action, assisted in bringing on a full-scale depression.

When we moved our amendment we did not expect to receive the support of the hon. member for Eglinton (Mr. Fleming) or members of the Conservative party. We believe the banks should be nationalized, not because we think it is good to have more things being operated by the government, but because we say the history of the banks and banking practice in Canada demonstrates that the time has now arrived when, if certain objectives are to be achieved, the banks must be nationalized.

The government has used various methods of control but it is impossible, even with the best type of controls, to make the banks issue the type of loans which are in the best interests of the nation. Members of the Conservative party are in favour of leaving the banks under private enterprise because they say the banks should be in a position to take risks. But the banks are becoming less and less inclined to carry out that useful function, and the government very often has to give ironclad guarantees to the banks against loss. When the Minister of Finance (Mr. Abbott), with the assistance of the Minister of Trade and Commerce (Mr. Howe) and other members of the cabinet, have to guarantee the banks against the loss even of a single dollar, then I believe it is time they acquired the right to take some direct responsibility for the lending policies of the chartered banks.

The government has given the banks certain guarantees which have induced the banks to make loans. One outstanding example is the guarantee to the chartered banks under the Farm Improvement Loans Act. That guarantee has certainly resulted in the banks making very substantial loans. In 1952 total loans made by the chartered banks under the Farm Improvement Loans Act amounted to $98 million. In other words the guarantee by

the government against loss to the banks amounted to a total of almost $10 million. The total loss incurred by the banks and paid by the government for that year amounted to just a little over $12,000. To put it simply, the total loss for that year paid by the national treasury amounted to 1/100 of 1 per cent. Very little loss was entailed in making these loans, yet before the chartered banks would make loans available they had to have a guarantee that amounted to $10 million for the year 1952.

One could make the same type of comparison in regard to the Home Improvement Loans Guarantee Act, and also in regard to the legislation approved the other day concerning housing.

We in this group would like to see the banks nationalized. We know perfectly well that this government will have nothing to do with the nationalization of the chartered banks. But members of the Liberal party have always professed support for co-operatives and claim that they believe in the co-operative principle. If that is the case they should be prepared to extend to the co-operative movement and to the credit unions the same kind of guarantee on farm improvement loans that is now given to the chartered banks in Canada. Our credit union movement is growing at a truly phenomenal rate. Credit unions now pay exactly the same kind of tax rate as any other corporation in Canada.

Mr. Trainor: The same as every corporation?

Mr. Argue: If the kind of corporation my hon. friend is associated with wishes to pay exactly the same tax that is paid by the credit union, then that corporation can adopt different principles of management and their taxes will be precisely the same. If some of the private grain companies wish to pay dividends to farmers on the basis of patronage, as of course is done now, they can do that also.

The credit unions and other co-operatives pay exactly the same tax as any other business organization in Canada. I would like to refer, Mr. Speaker, to a report on the credit unions in Canada for 1952 published by the marketing service of the Canadian Department of Agriculture. That report demonstrates the really tremendous growth of credit unions in Canada over the past ten years. In 1942 there were just under 300,000 members of the credit unions in Canada. By 1952 the membership had risen to 1,250,000, and in that year more than one out of every ten adult Canadians was a member of a credit union. The total assets of the credit unions in 1942 amounted to just under $44 million. This figure had increased by 1952 to a total of $424 million. In ten years their assets have increased tenfold, and their membership by 300 per cent.

I believe the history of loans made by the credit unions in that ten-year period will compare favourably with the loans made by any of the chartered banks, with reference to losses sustained. I believe the government should give the credit unions exactly the same kind of guarantee it now gives the chartered banks. The government should not discriminate against the credit unions by giving the chartered banks a 10 per cent guarantee on farm improvement loans and no guarantee whatsoever to the credit unions who are engaged in a great many instances in exactly the same type of loan business.

The banks in Canada do not wish to take any risk in making loans. There are tens of thousands of Canadians who have gone to their bank, spoken to the bank manager, asked for loans, been turned down, gone to a credit union and obtained loans. In spite of the fact that many of the people dealing with credit unions are considered by the banks not to be good credit risks, nevertheless the history of the credit unions compares favourably with that of the banks in regard to losses sustained.

I wonder why the government has not given to the credit unions the same kind of guarantee it gives to the banks? Is it that the government does not want the credit union movement to expand at an increased rate over the years? Why are the banks any more deserving of guarantee by the government against loss than are the credit unions in Canada? I cannot understand why the government is not providing credit unions with exactly the same type of guarantee.

I notice that in the legislation before us this afternoon, as in the previous act, the banks are given the right to lend money to farmers on threshed grain. That is all very nice. The banks have the right to lend money on threshed grain, but the farmer has the problem of convincing the bank manager that he should be given a loan. If a farmer goes to a bank and asks for a loan on threshed grain, the banker will look to see if he owes any money in town, or if the farmer has a farm improvement loan from that bank. Unless the farmer can prove to the banker that he really does need a loan on his threshed grain, he will not get a loan.

The average farmer in Canada today—certainly that is so in western Canada—cannot get a loan on threshed grain. If he is a well-to-do farmer, with a huge quantity of grain on his farm, if he is out of debt, and if he has not delivered his quota he

may get a loan. But this section of the Bank Act is not being adequately utilized by the banks and for all practical purposes is not in operation at the present time.

When I began speaking I said that to my mind there was every indication that we are in a recession right now. Certainly the economy of western Canada is slowly grinding to a standstill. More and more businessmen are being forced to go on a cash basis. In this morning's Montreal *Gazette* there is a news report headed "Drake, Sask. Town Votes Out Credit". It reads as follows:

> Drake, Sask., March 8.—Businessmen in this town 75 miles northwest of Regina have voted to stop giving credit. The order is effective April 1.
>
> R. E. Walker, a representative of the retail merchants association of Saskatoon, who addressed a meeting of merchants, said grain delivery quotas set by the Canadian wheat board are not large enough to take care of outstanding credit accounts. Merchants gave long-term credit to patrons but received only short-term credit from wholesalers.

From communications I have had from the retail merchants association and from businessmen in Saskatchewan it is fairly clear that this spring merchants will be going on a strictly cash basis. Anyone who is acquainted with farming operations in western Canada will realize just what a serious hardship that will mean to prairie agriculture.

I should like to see something done under this act, or some other appropriate steps taken, to put some cash in the pockets of farmers. The Minister of Finance (Mr. Abbott), members of parliament and everyone else who works likes to get paid. We all like to get paid, and to get paid on time. So does the wheat producer. He likes to produce wheat. That is what he is in business for. When he produces a crop, he thinks he should be able to get some money as a result of his efforts in producing that crop.

The Minister of Agriculture (Mr. Gardiner) is always good at giving the farmers advice. On previous occasions he said to them, "Build granaries and store your wheat. Wheat on the farm is as good as cash in the bank". I have not yet met a farmer who would not like to get rid of the wheat he has and get some of the cash in the bank. The merchants in our towns would also like to get a little cash. I feel sorry for a farmer when he cannot sell his grain; but I think a merchant is even worse off, because he can get into trouble with his creditors very quickly when he has on his books a great many customers with outstanding accounts.

For financing this crop in western Canada I should like to see a method by which the farmer would not have to pay interest. I do not think doing it through the banks is the best way. But if the only way by which the government will provide the farmers with money is through the chartered banks, I say it is better to be done in that way than not at all.

I should like to see the interest rate kept at the very minimum. I think interest rates in Canada are too high today. I believe the government's policy of strengthening interest rates is wrong. I believe that policy should be reversed, and that steps should be taken to lower interest rates. I should like to see banks giving farmers loans at a nominal rate of interest. I believe they could do that if given a guarantee by the government. We had such guarantees at one time in the past, for the 1951 crop. The darkest picture the Minister of Trade and Commerce (Mr. Howe) could paint—

Mr. Howe (Port Arthur): Leave me out of it, this is not my bill.

Mr. Argue: I am just referring to the minister's statement at page 128 of *Hansard*. I cannot make a speech without bringing the minister into it somewhere, and probably this is as good a point as any at which to bring him in. At page 128 of *Hansard* he gave us some information as to the losses under that program. The minister's point was that the government's experience had not been good. I think the government's experience was good. The total amount the government can be liable for, as a result of that experience, is an amount not over 3 per cent of the aggregate loans. Most of those loans were made not for threshed grain but for grain out under the snow. If farmers will pay 97 per cent of their loans when obtained under those circumstances I believe they will pay, for all practical purposes, 100 per cent of any loans they may obtain for grain that has been threshed and is in storage.

We have in the act a section which allows the banks to lend money on farm-stored grain; but anyone from western Canada knows that very little money is being lent under that section. I therefore suggest that other steps must now be taken by the government or the economy of western Canada, going into a recession, will drag down the whole Canadian economy. We are losing markets—and we have lost a great many of them—for some of our most important grains. The farmer is looking for some money this spring. The merchants in western Canada need such a policy so the farmers can pay for the commodities they must obtain in order to continue their farming operations. Under this legislation I believe the government

should be giving to the credit unions exactly the same type of guarantee it is now giving to the banks.

In another statement this session the Minister of Trade and Commerce said that it was his belief that now was the time for the government to loosen the purse strings. I agree with that statement. I think the government should loosen the purse strings at this time. As long as there are unemployed resources in the nation I do not agree that it is bad for the government to be spending large sums of money, more money than it collects through taxation. When there are half a million unemployed, when farmers are finding that their incomes are going down, that is the time for the government to adopt fiscal and monetary policies that will result in increased expenditures, an expansion of credit and an increase in the money supply so that our unemployed resources may be re-employed for the improvement of the standard of living of the Canadian people.

The Acting Speaker (Mr. Applewhaite): Is the house ready for the question? The question is the following—

Mr. E. G. Hansell (Macleod): Mr. Speaker, I want to speak now because my subject matter has to do with the amendment, and if the amendment is disposed of my subject matter will become more or less obsolete. Maybe I can finish in five minutes if I am not interrupted and if I can talk fast enough.

I have listened to the members of the C.C.F. group who have spoken on this matter, but I have failed to hear them suggest how they propose to nationalize the banking system. Therefore I want to ask them a question or two. I should like to ask them if they propose expropriation. If they do, that may follow the socialist line. I do not know. But if they do propose expropriation I am quite satisfied that the banks would contest it in the courts.

If it were contested what would the C.C.F. do? Would they dare tell the courts what decision they must make? If they did not dare to do that, then the courts would have to make the decision. If the courts decided to grant the petition of expropriation, then the decision would be appealed. If they failed to grant expropriation then the C.C.F. as a government would appeal the case.

We will suppose that the decision was in favour of expropriation. I fancy the matter would then be submitted to arbitration. Having been submitted to arbitration, the authorities who had to arbitrate would then have to determine a valuation. That valuation would involve the taking over of assets and capital stock, and I quite suppose it would also involve the taking over of the banks' cash reserves.

What would our socialist friends use with which to purchase all this? The cash reserves of the banks amount to about $900 million. The assets and capital stock of the banks amount to somewhere between $3 billion and $4 billion. They could not pay cash for them because the cash reserves of the banks constitute the only cash there is in the country. Therefore they could not pay cash. They could not get any cash in order to pay the banks under the settlement arrived at by arbitration. If they resorted to taxation they would have to tax the people to the extent of almost $1 billion to compensate for cash reserves alone.

Furthermore, here is one thing they would have to recognize. They would have to take over the liabilities of the banks. It is not generally recognized that every deposit that people have in the banks today is a liability against the banks. I should like to ask the C.C.F. whether they would take over the liabilities too, because if they did they would be taking over about $9 billion in liabilities. If they started this, what guarantee would they have against a run on the banks? This is a serious thing. They have not told us how they propose to do it.

In the minute I have left may I suggest that there is not a socialist country among the free nations of the world that has yet favoured nationalizing its banking system. Great Britain had a socialist government, but they did not venture it. Australia had a socialist government, but they did not venture it. New Zealand had a socialist government, but they did not venture it. Over the years we have heard a lot about the virtues of the government of Sweden. They did not venture it. Even the extreme national socialist government of Germany did not venture it. Our C.C.F. friends are proposing to do something that no socialist government has ever done. Why have they not done so? I believe these governments have recognized all that is involved, and have found that for all practical purposes it was impossible to do it. Someone behind me said something about McCarthyism. I do not know what that jab was for.

Mr. Blackmore: They cannot think of anything else to say.

Mr. Hansell: But there is something they should answer if we are going to vote on this amendment. How do they propose to nationalize the banking system? Are they going to propose following the socialist line

of outright expropriation? I do not believe they would. But that is the only way it could be done, because if they attempted to buy the banking system outright there is not enough money in cash in Canada to do it.

Mr. Knowles: Would the hon. member permit a question?

Mr. Deputy Speaker: Order.

Mr. Knowles: Is he aware of the fact that he voted for this amendment—

Mr. Deputy Speaker: Order. It being five o'clock, the house will proceed to the consideration of private and public bills.

PRIVATE BILLS

NIAGARA GAS TRANSMISSION LIMITED

The house resumed, from Friday, March 5, consideration of the motion of Mr. Hunter for the second reading of Bill No. 325, to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, before I adjourned the debate when this measure was last before the house I pointed out that the government is unable to give the guarantee sought by the Leader of the Opposition (Mr. Drew) that the interests of Trans-Canada Pipe Lines will be protected. I pointed out that this measure is a private member's bill. The bill will be examined in the appropriate committee. It will then be returned here for third reading, and after the bill becomes law, all the decisions having to do with the project covered by this bill as well as the project covered by the Trans-Canada Pipe Lines bill will be in the hands of the board of transport commissioners, whose decision will be final.

I stated at that time I had not had the pleasure of meeting an officer of the company. Since this bill has been under discussion I have had that pleasure. This afternoon I had a call from the general manager of Consumers' Gas Company, and as a result of our conversation, my information as to the intentions of the company is more complete. I now appreciate the fact that Consumers' Gas have realized that the Trans-Canada pipe line will be built, and that it has contemplated that an agreement must be made so that the two projects can work together.

The only reason any question is being raised about the bill before us is the thought that it may interfere seriously with the financing and construction of Trans-Canada Pipe Lines Limited. In introducing the bill the hon. member for Parkdale (Mr. Hunter) stated that Consumers' Gas Company wishes to bring United States gas into the Toronto area. He stated that Consumers', through its subsidiary Niagara, now has a 20-year contract with the Tennessee Transmission Company covering the importation of some 23 billion cubic feet of gas annually. He also stated that subsequent arrangements have been made for Tennessee to repurchase all or any of this gas at any time for sale within the United States, should Consumers' Gas Company be in a position to purchase Canadian gas, without any loss to Consumers' Gas Company.

Assuming these arrangements are carried into effect, the Consumers' Gas Company will be able to supply the greater Toronto area with United States natural gas before the end of this year. Then the hon. member for Parkdale said that if and when Canadian natural gas becomes available the company will be in a position, without loss to themselves, to switch to Canadian natural gas. Obviously these are rather vague intentions vaguely stated. I feel we must have something more definite than the statement contained in the remarks of the hon. member for Parkdale before we can agree to the passing of this bill.

I think all hon. members realize that the Trans-Canada pipe line is a great conception. I suggest that this discussion should be entirely removed from politics. In the first place, a private member's bill should be considered apart from politics. If it were not I would be tempted to congratulate the Leader of the Opposition (Mr. Drew) for having adopted Liberal policies with reference to oil and gas pipe lines. Since we are not talking politics, I shall refrain from doing so.

Mr. Fulton: You know just the opposite is true. You have adopted ours.

Mr. Howe (Port Arthur): Again we hear a peep from another quarter.

Mr. Knowles: Who taught the both of you?

Mr. Howe (Port Arthur): I point out that the government of Alberta is interested in the Trans-Canada pipe line, which will afford a badly needed outlet for the surplus gas of that province. The government of that province is co-operating with this government, and co-operating I think with the management of Trans-Canada Pipe Lines.

Saskatchewan is interested, of course, because the Trans-Canada pipe line will provide an outlet for gas which is already becoming surplus in that province, and which surplus is expected to grow in volume month by month. Manitoba is interested because it

would mean another competitive fuel in the province, which should greatly stimulate the growth of industry. Ontario is intensely interested in Trans-Canada Pipe Lines Limited for the reason that it promises an ample natural gas supply for all parts of the province as a competitive fuel. I would remind hon. members that Ontario now depends entirely on imported fuels for its energy other than hydroelectric energy. Quebec is interested for the same reason as Ontario. Therefore the great industrial areas of this country are vitally concerned with the building of the Trans-Canada Pipe Lines Limited project and with the additional energy that will be provided from that source.

It is a great project in another way. It is probably the greatest pipe-line project ever undertaken anywhere in the world. It is expected to cost around $300 million for the building of the pipe line. There will be gathering lines required in Alberta which will cost perhaps $50 million. Then chemical plants are required in Alberta to purify the gas before it goes through the pipe line. They will cost perhaps $100 million, and will provide an adequate supply of chemicals for industrial use in Alberta and throughout western Canada. In all the provinces concerned, there will be distributing systems and new apparatus for consuming gas. If everything is added up, Trans-Canada Pipe Lines represents a project running around $1 billion, all of which is to be spent before the year 1960.

The application for gas that is presently before the conservation board of the province of Alberta calls for a supply up to 540 million cubic feet of gas per day, whereas the bill before us calls for a supply of 23 million cubic feet of gas per day. Obviously the Trans-Canada Pipe Lines project is very much greater in concept than the project we are discussing. It is vital therefore to the interests of Canada, I believe, that there be no conflict between the two proposals. It would be tragic if the smaller proposal were permitted to interfere with the financing of the larger proposal. I believe, therefore, that this parliament must make sure that steps are taken so that interference will not occur.

There is a good deal of advantage to the larger project in undertaking the smaller project coupled with the proper safeguards. There are no very considerable markets for gas in eastern Canada built up at present, and such markets as there are have been built up to use manufactured gas. It would be very useful indeed if natural gas could be introduced into the Toronto area in volume so that build-up could occur immediately and be well under way when western gas reaches Toronto. For that reason I think we must give sympathetic consideration to this bill.

Some will say there are other ways of effecting the build-up. We could perhaps draw on the natural gas reserves of western Ontario, which are considerable. But investigation has shown that the availability from that source would not be sufficient to accomplish the purpose. There is also a gas pipe line from the Detroit area bringing natural gas into the Windsor area at a very reasonable price. It is possible that that source of gas could be enlarged. But that would involve application to the federal power commission, and probably months of delay. I think that if the building of this proposed pipe line can be worked out on a basis that will protect the larger project, it may be a desirable step to take at this time.

Obviously, bringing gas in from Buffalo through a pipe line involves considerable investment, and one wonders what is to become of that investment if the line goes out of use in a matter of three years. I believe ways can be worked out so that investment can be assumed by Trans-Canada Pipe Lines Limited; and I believe we should know, before this bill becomes law, that such an arrangement is being worked out to the mutual satisfaction of the Consumers' Gas Company and Trans-Canada Pipe Lines Limited.

Therefore I suggest that when this bill is before the committee, the committee will wish to examine the intentions of Trans-Canada Pipe Lines Limited as well as the intentions of the Consumers' Gas Company Limited. And I believe it would be appropriate at that time to add another clause to the bill, a coming into force clause, which would provide that the bill would come into force at such time as a mutually satisfactory agreement between Trans-Canada Pipe Lines Limited and Consumers' Gas Company can be deposited with the board of transport commissioners. This agreement would then be considered by the board of transport commissioners, and the date of coming into force would be the date of its approval by the board of transport commissioners. I believe this procedure would allow us to obtain the benefit that would be incidental to the building of this pipe line from Buffalo, and at the same time protect both the financial and the sales position of Trans-Canada Pipe Lines Limited. I believe that this would represent a workable procedure for all concerned.

That is only my suggestion; there may be others. But I do think that to meet the

requirement laid down by the Leader of the Opposition—that the government should assure the house that the interests of the larger project will be protected—this may be as good a means as any for bringing about the protection asked for.

Mr. J. W. Noseworthy (York South): Mr. Speaker, the project envisaged by the bill has had a great deal of advertisement. I am surprised to find that the Consumers' Gas Company, which apparently has been in the red for so many years, should suddenly put on such an expensive advertising scheme, and apparently do it solely for the benefit of the people of Toronto. In all the advertisements I have read and received I note that the sole concern of Consumers' Gas Company is the welfare of its customers in Toronto. They point out that they are very anxious to get cheaper gas into that city before Trans-Canada Pipe Lines bring western gas to that community.

The sponsor of the bill tells us that this pipe line will probably be completed by the end of the year, and that gas from the United States will be delivered to Toronto customers by that time. I doubt this very much. I also note that the fuel controller in Ontario has said that we may possibly have western gas in Toronto via Trans-Canada pipe lines in about two years' time. If these statements are correct I fail to see where Toronto customers are going to receive such enormous benefits from the delivery of United States gas for one year; because, according to these statements, that will be the time between the delivery of United States gas and that delivered by Trans-Canada pipe lines.

I suspect that behind this movement there is an attempt on the part of Consumers' Gas Company to be in the distribution field when western gas arrives. There has been some comment in Ontario to the effect that the Ontario hydro might undertake the distribution of western gas in that province. The bill now before us would certainly place Consumers' Gas Company in a position where it would have facilities available for the distribution of gas not only in the metropolitan Toronto area but also in Hamilton and other points in the Niagara peninsula.

I may be wrong in my supposition, but I do say there should be some authority in Ontario in a position to tell us how western gas is to be distributed when it arrives, and the agency through which such distribution is to be made. If there is any possibility of the Ontario hydro becoming the distributing agency, I would be inclined to oppose the granting of this right to Consumers' Gas Company. I do not think advantages would be gained by Toronto consumers that would warrant our handing over this public utility even to a limited dividend utility company, to the exclusion of the possibility of having the Ontario hydro or some other publicly-owned utility handling the distribution of this gas.

Certain it is that the necessary safeguards mentioned by the Acting Prime Minister (Mr. Howe) must be taken before final approval is given to the bill. It is not enough, as the sponsor of this bill says, that there be an agreement between Consumers' Gas Company and the United States company to the effect that the United States company will undertake to buy all the gas Consumers' Gas Company may have contracted for when the Trans-Canada Pipe Lines Limited line is completed. That is not sufficient. Before this bill receives final approval in this house I suggest that there must be a hard and fast agreement made and shown to the committee or made public to the effect that on the arrival of western gas via the Trans-Canada pipe line, that gas will be distributed in Toronto in lieu of the United States gas that will be brought in prior to the arrival of that pipe line.

I might say that more than the Progressive Conservative party is interested in this Canada-first policy as it applies to an all-Canada pipe line, notwithstanding the statement made by the Leader of the Opposition (Mr. Drew) on Friday to the effect that that policy was advocated by his party—and it was; there is no question of that. I simply want to add that other parties, including the C.C.F. and others, and members of the Liberal party as well, were just as ardent in their support of an all-Canadian pipe line as was the leader of the official opposition or the Conservative party. Certainly no steps must be taken at this time that will in any way interfere with or impede the progress of that Trans-Canada pipe line.

I would approve the suggestion made by the Acting Prime Minister (Mr. Howe) that a clause be added to the bill which would enable the government or the board of transport commissioners to prevent this legislation from coming into operation until such time as satisfactory safeguards were provided to ensure that western gas would be distributed once the pipe line was completed into the Toronto metropolitan area. We should also add some understanding as to just what use is to be made of this pipe line from the Niagara boundary to Toronto when the Trans-Canada pipe line is built. Will this pipe line be used to transport Canadian gas from the main trunk lines to Hamilton, Welland and the Niagara peninsula, or is there

a hope that it might be used to export Canadian gas across the boundary at the Niagara frontier? Certainly one does not suppose for a minute that this company proposes to build a pipe line from Niagara to Toronto, use it for two or even three years, and then scrap it. The use that is to be made of this pipe line, once Canadian gas has arrived, should be made clear to us before the bill receives final approval.

I am in agreement with both the leader of the official opposition and the Acting Prime Minister in their desire to see that nothing is done in this bill or in any other bill that will interfere in any way with the building of that Trans-Canada pipe line and the bringing of Alberta gas to eastern Canada.

We shall not oppose the passage of the bill at this stage, but we do reserve our right to oppose or support third reading after it comes back from the committee. What we do then will depend upon what safeguards or agreements can be reached before the bill comes before the house for third reading.

Mr. Daniel McIvor (Fort William): I should like to say just a word or two. To me the greatest hurdle in the Trans-Canada pipe line is the raising of the money to pay the bills. We have to be very careful about anything that would discourage that. Therefore as a member of this committee I am going to oppose the passage of this bill until we are assured that this company will have to pull out of Toronto and out of Ontario when western gas is available.

I know there has been a good deal of work done and a good deal of trouble taken in getting these companies together so this hurdle of raising enough money to build this pipe line can be overcome. Nothing should be done to discourage it. I am not particularly concerned about who distributes gas in Toronto, but I want to see that when Alberta gas comes to Toronto there will be no opposition from any other company from the south. That seems clear to me. If the company that is behind this bill is told decidedly that it will have only three or four years to distribute gas, then I doubt whether they will want to build the line. Who would put a new pipe line into Ontario and be permitted to sell gas for only two or three years?

The Minister of Trade and Commerce (Mr. Howe) is wise in suggesting that an additional clause be put in the bill. But even at that I would oppose it here and in committee, because I do not want there to be any danger to the principle of a great trans-Canada pipe line.

[Mr. Noseworthy.]

Mr. Carl O. Nickle (Calgary South): I have listened with a great deal of interest to the comments made today by the Acting Prime Minister (Mr. Howe) and other hon. members. I may say that as a member from Alberta I am vitally concerned in seeing that Alberta and other western Canadian natural gas is sold as soon as possible and in as large a volume as possible; nevertheless I am strongly supporting this particular bill. My reasons for that I shall outline very briefly.

I believe that my community and my home province, like myself, are more vitally interested than any other part of Canada in getting markets for western Canadian natural gas as soon as possible and on the soundest possible economic basis. I realize, perhaps better than some of the proponents in this house of a strictly all-Canadian gas policy, that the policy they support must be substantially modified by the adoption of continental features in addition to purely national or nationalistic features.

That is, sir, this policy must be modified if Canada wants to achieve four things: First, the capture by Canadian gas of markets both here and in the United States big enough to absorb the expanding gas surplus in western Canada. For too long, both in my home province and in Ottawa, there have been expressions of fear concerning a gas shortage. The fear is of gas shortage for Canada's future needs, when our primary concern should be in blazing our way into markets, and with the much more serious problem of disposing of rapidly expanding gas surpluses.

Evidence was submitted by the Alberta conservation board a few months ago which dealt with the gas reserves proved up during the 18-month period to June 30 last, and in that province alone the increase in gas reserves over the period amounted to 4,700 billion cubic feet. In the meantime in British Columbia and Saskatchewan we have had other gas discoveries which bring gas reserve increases in western Canada to a rate exceeding 4,000 billion cubic feet in each 12-month period. This means that the gas found in each single year is adequate to supply one major pipe line for a period of 20 years. In other words, one year's discoveries in western Canada will provide eastern Canada, Ontario and Quebec, for a period of 20 years, and by the time we have the Trans-Canada pipe line in operation three years hence we will have enough natural gas resources in surplus to supply another two or three major pipe lines.

I believe, Mr. Speaker, that in our gas pipe-line planning we should deal with this project on a continental basis instead of piecemeal, as we have been doing by means

of private bills in this house for the last three or four years. We should have been concerning ourselves with what we were going to do with the continuing surpluses which are being built up in the west. I believe in a modification of this government's gas policy. If we are to achieve the capture of the nearest markets, first and fastest, regardless of the flag they wave, then that modification must be carried out in order that job and prosperity-creating gas field development and pipe-line construction can get under way as soon as possible in western Canada.

May I point out that during 1953 we had something of a recession in the gas exploration and development industry. Again, in connection with the modification of Canada's gas policy I feel certain this government and parliament will eventually approve an extension of natural gas supplies, regardless of their source, to as many Canadians as possible, as quickly as possible.

The fourth point in regard to the modification of Canada's gas policy, which I feel sure this parliament will accept, is that the policy should be so designed as to do the other things I have mentioned at a minimum of subsidy cost to the Canadian taxpayer. I feel, sir, that in our debates over the last two or three years on an all-Canadian pipe-line policy—and the blame for this must fall directly upon the minister in charge—we have argued about an all-Canadian gas system without any regard whatsoever to the economics involved. As regards the Trans-Canada bill which follows this one, let us argue it out against a background of public and parliamentary recognition that an all-Canadian gas pipe line means accepting the principle of a subsidized pipe line.

I pointed out, sir, that we could, by redrafting our policy along correct lines, achieve the desired goal for Canada at a minimum cost to Canadian taxpayers. That is the major reason I am supporting this Niagara Transmission bill.

As a matter of fact, I believe that by immediately piping Louisiana gas by way of the Tennessee Transmission Company to the Consumers' Gas Company to service the people of greater Toronto, we will achieve four things. First of all, it will be the fastest method of getting natural gas to Toronto. It will mean the delivery of gas much sooner, providing parliament and the board of transport commissioners do not delay the implementation of this measure. It will mean the delivery of natural gas to Toronto at least two full years ahead of the earliest possible date of delivery of natural gas from western Canada.

Second, approval of this Niagara Transmission project would provide lower cost gas to the people of Toronto than could be supplied two years later from western Canada under a strictly all-Canadian policy. In addition, the approval of the Niagara project would cut the cost to Canada's taxpayers, the subsidy on an all-Canadian pipe line, by several million dollars.

Again, and this is perhaps most important at this time when we are faced with an unemployment problem in this country, the approval of this Niagara Transmission bill would create many hundreds of new jobs this spring in Ontario in the construction of the transmission pipe line and the construction of a distribution system through Toronto. It would also create many hundreds of jobs this year in the industries which manufacture the appliances through which the people would use the natural gas. All these jobs would be provided this year instead of in 1956 or 1957, when the all-Canadian pipe line comes through. Approval of this bill will provide jobs for those who will distribute these appliances throughout the Toronto area and in the east generally. It will provide an immediate means of creating jobs without government handouts.

Mr. Speaker, I have indicated that there are some phases of the all-Canadian gas policy with which I do not agree. The house is well aware of my views in this matter. I am not going to belabour them now, because when the Trans-Canada pipe-line bill comes before the house that will be the proper time to discuss and debate the broader aspects of a Canadian gas policy. However, I would leave with the minister and the house—

Mr. Macdonnell: He is greatly interested, though he does not appear to be listening.

Mr. Howe (Port Arthur): Talking about me again?

Mr. Macdonnell: Yes.

Mr. Nickle: —the suggestion that when we do discuss the Trans-Canada pipe line we should do so against the background of a recognition of the need for subsidies; of the need for natural gas at competitive pricing in Ontario and Quebec; of the minimum possible price that can be paid in western Canada in order to obtain the gas which will fill that pipe line. There should also be full recognition on the part of this government that natural gas supply alone is only part of this problem. We will have to face the additional grave problem in the west of disposing of the by-products such as propane, butane gasoline and sulphur.

When we deal with a national gas policy we cannot, as this government is attempting

to do, simply by-pass the whole problem of by-product disposal and say it is something for the industry to solve. We cannot do that, simply because the degree of success in selling these by-products, no matter how great the difficulties, will determine the price at which gas can be sold to this Trans-Canada pipe line. It will determine the availability of gas to that pipe line and also the expansion of the western Canadian oil, gas and petrochemical industries. In other words, tremendous developments can come through the development of natural gas if the policy is based upon sound principles.

In conclusion, Mr. Speaker, may I say that, as I indicated earlier, this Niagara Gas Transmission bill has some measure of urgency. I have no interest in Consumers' Gas Company, Toronto consumers, Niagara Gas Transmission Limited or the Tennessee Gas Transmission Company. However I recognize this fact. Unless a firm order for the necessary pipe for the construction of this line can be placed in the next few weeks, this whole project will be held up at least one year because of the impossibility of getting the steel to do the job, and of getting the financing done and construction under way this spring. I trust that the house and the committee will do all in their power to facilitate this measure, recognizing of course that this importation of United States gas must be cut off when Canadian gas becomes available, as Consumers' Gas is quite prepared to do, and recognizing also that this pipe line between Buffalo and Toronto which we have heard discussed today is not going to go into disuse.

As I mentioned earlier, we have discoveries in western Canada of 4,000 billion cubic feet of gas a year. Where is that gas to go? Tennessee Gas Transmission Company will take back 50 billion cubic feet a year. Over 20 years they will use up three months' discoveries in western Canada. Surely we can keep in operation that short pipe line from Toronto down to Buffalo, finding an additional small market for part of the steadily growing surplus of gas that we shall have in western Canada.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, this pipe line and the many others on which this house has passed legislation in the past couple of years have been referred to by many hon. members as national pipe lines. I want to say that the statement made by the Acting Prime Minister (Mr. Howe) a few moments ago on this bill proves that they are not national pipe lines. Of course that is merely a repetition of what I have heard a good many times in this house, namely that Canada extends from Vancouver to Montreal and ends there.

[Mr. Nickle.]

In reference to this bill, the minister set out the fact that there were safeguards and that a clause would be placed in it which would prevent the operation of the legislation until all the evidence was taken. But going on a little bit further, he said that Manitoba was interested in this bill as were Ontario, Quebec and Alberta; and that ended Canada.

May I say that there are four provinces east of Quebec that are greatly interested in these pipe-line bills, but for a different reason. They are not going to make any money out of them, and they are not going to get any cheap fuel out of them. The whole objective of this and the other bills, as far as Ontario and Quebec are concerned, is directed toward one thing, namely to get cheap fuel regardless of the repercussions in any other part of the country. I expected the Minister of Mines and Technical Surveys (Mr. Prudham) to be on his feet objecting to this bill because it, as well as others like it, are creating headaches for the Minister of Mines and Technical Surveys at the present time.

Only last evening the minister had a delegation from Nova Scotia wait on him in reference to a mine closing for lack of markets. Of course he told them he could not do anything about it. He sent them on to Montreal to meet with the heads of the Canadian National Railways. On the 12th of this month the Minister of Mines and Technical Surveys again will be meeting a delegation from Nova Scotia consisting of representatives of the mine workers' union and the heads of the operating coal industry in that province. Their purpose in going to see the Minister of Mines and Technical Surveys is to determine the future of the coal industry of that province. The problem in the province is what? It is that of markets. Why are they afraid of expanding the industry or developing it? Because there is a threat from natural gas and oil.

While I have no objection to Ontario getting cheap fuel, I am blaming the government for not having a national fuel policy that is all-embracing, whereby a study would be made of the whole question of fuels. Then gas or oil would be piped into the areas where it was most economic to do so, having due regard to the provincial economies that are based on other fuels and are going to be wiped out when these gas and oil developments are fully implemented.

The thing that irks me is this. Every time a member gets to his feet in the house he figures that if you can serve Quebec and Ontario from the western provinces, that is a national project.

Mr. Enfield: Nonsense.

Mr. Gillis: That is what has been said; and if it went over the hon. member's head, that is not my responsibility. If he cannot absorb what he hears in this chamber I suggest that he do not interrupt somebody who has been listening to the discussion.

Mr. Enfield: Mr. Speaker, I rise on a question of privilege.

Mr. Gillis: I have the floor.

Mr. Deputy Speaker: Order.

Mr. Enfield: I should like to rise on a question of privilege.

Mr. Gillis: There is no question of privilege at all. The hon. member interjected, where he should not have done so, a remark that indicated that he was not even listening to the debate.

Mr. Deputy Speaker: Order.

Mr. Gillis: Mr. Speaker—

Mr. Enfield: I rise on a question of privilege.

Mr. Deputy Speaker: Is the hon. member rising on a question of privilege?

Mr. Gillis: I am not taking any suggestion of a question of privilege from the hon. member at all.

Mr. Deputy Speaker: Order.

Mr. Gillis: There is not any question of privilege.

Mr. Deputy Speaker: Order. I understand that the hon. member has risen on a question of privilege. I think I must hear him state his question of privilege.

Mr. Gillis: Mr. Speaker, let me make this observation with regard to your ruling—

Some hon. Members: Order.

Mr. Gillis: I have the floor. This hon. gentleman interjected a remark; that is all there is to it.

Mr. Deputy Speaker: Order. As I said before, since the hon. member has risen and announced that he wishes to raise a question of privilege, I think I must hear him. Then I must determine whether or not he has a question of privilege.

Mr. Enfield: Mr. Speaker, if it will make the hon. member opposite feel any better, I shall withdraw my previous interjection that he managed to provoke. However, on the question of the relevance of his remarks, are we discussing—

Mr. Gillis: That is not a question of privilege, Mr. Speaker. It is a matter of argument.

Mr. Enfield: I submit that what the hon. member has been saying is not relevant to the bill before the house at the present time. He is discussing a whole national fuel policy.

Mr. Deputy Speaker: Order. To date the hon. member's remarks do not indicate that he is discussing a question of privilege but rather that he is discussing a point of order. I think perhaps the hon. member for Cape Breton South should be allowed to proceed.

Mr. Gillis: Mr. Speaker, I want you to know that I did not start that incident.

An hon. Member: But you helped it along.

Mr. Gillis: When the hon. member says that the discussion of a national fuel policy is not relevant to this bill, I suggest that he had better do a little bit of studying on the problem; and if he does so, I think he will find that it is relevant.

As I was pointing out, in all these discussions I have never yet heard any member of this house suggest that there was any problem east of Quebec in connection with this natural gas question. I was a member of the committee that considered the first natural gas bill to be introduced in the house. At that time I asked the witnesses who appeared before the committee whether they had made any survey east of Quebec, and they admitted they had not. No consideration whatsoever had been given. As I was pointing out when I was interrupted, there are four provinces east of Montreal, and the threat of natural gas and oil is creating the problem so far as coal is concerned. Delegations are coming to Ottawa to meet with the Department of Mines and Technical Surveys to determine whether there is any solution to the problem.

This bill is to be sent to a committee, and I suggest to the Acting Prime Minister (Mr. Howe) that when it goes there an examination should also be made of the repercussions on the whole maritime economy by virtue of the fact that in this house we are passing bills—with very little consideration, in my judgment—to provide for the piping of natural gas and oil from western Canada. It is not a question of considering natural gas or oil alone; but rather it is one that is related to the matter of other fuels. Unless an examination is made from the point of view of a national fuel policy, one of these days we are going to find ourselves with an emergency on our hands. We will find that fuels going into certain areas are needed somewhere else and for some other purpose. Mines are being closed indiscriminately across Canada today, and we are not going to be able to open them up the moment we need that fuel.

I think it is almost time someone took a look at the question. The statement was made that this gas development is a billion dollar project which will bear full fruit about 1960. That is a lot of money. It is a big investment, and I should think those who are investing that money would sit down and take a look at the whole fuel question before that amount of money is invested. Only last night in Montreal the president of Dominion Steel and Coal Corporation, one of the biggest organizations in Canada, said that in the maritime provinces coal, steel and textile areas were depressed today. It is getting pretty bad when he will make such a statement, because he has always taken the other view.

We are asked to pass a bill that will make natural gas available to the province of Ontario and ultimately to the province of Quebec. Natural gas will replace coal for all domestic purposes and also in industry in Canada, with the exception of basic steel. When it is said that by 1960 this billion dollar program will be fully developed it means that natural gas will be supplying the whole area of Quebec and Ontario. It also means that the whole coal industry of Nova Scotia and New Brunswick is going to be a casualty in the path of technological advance.

The government has some responsibility to the four maritime provinces that depend to a large extent on coal. We also have some responsibility to them. What is going to happen then? Are no benefits to accrue to that part of the country as the result of this investment in gas and oil, and the money the federal government is going to spend in these projects?

Mr. Trainor: Who said they are going to spend any money?

Mr. Gillis: They are spending plenty of it. Sometime we shall go into it and show you. Perhaps we will before the debate is over.

Mr. Trainor: I should like to know.

Mr. Gillis: I think the province of Saskatchewan has set an example in the field of natural gas. Private industry is developing the wells but the Saskatchewan government has set up a crown company to distribute the gas. The crown company there that is doing this job is also the company that is concerned with hydroelectric power. They are in the field of fuel, and are planning natural gas development in the Saskatchewan area in the way that will be most economic. It is not being done haphazardly as we are doing here by granting franchises for pipe lines all over the country, to pipe Canadian gas across the border into the United States and to pipe United States gas across the border into Canada. If we are going to break down trade barriers on this continent in order to supply the province of Ontario with natural gas it is pretty nearly time we began to wipe out trade barriers all along the line.

If Ontario thinks it is good business to bring in cheap natural gas from across the line, then it is just as good business for Ontario and the four maritime provinces to be able to get cheap automobiles and not have to pay a tariff of 25 per cent on them. About 35 per cent is added to the cost of everything imported from the United States that the maritime consumer eats and wears, by the time it is hauled across the country to him. If we are going to start knocking down barriers in order to have cheap fuel, let us start knocking them down for everything else right down the line. You cannot retain trade barriers in order to protect central Ontario manufacturers for certain purposes, and knock them down for another purpose because benefits will accrue to the central provinces. If Ontario is going to take natural gas and distribute it, then in my opinion the body already in the field of fuel, the Ontario Hydro Electric Power Commission, is the organization that should control the distribution, because I believe they can plan it in a much better way than some pipe-line company which merely wants to pipe it in there for the purpose of making money.

I notice, Mr. Speaker, that you are looking at me. It is six o'clock. May I call it six o'clock?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

THE BANK ACT

PROVISION FOR DECENNIAL REVISION, EXTENSION OF CHARTERS, ETC.

The house resumed consideration of the motion of Mr. Abbott for the second reading of Bill No. 338, respecting banks and banking, and the amendment thereto of Mr. Coldwell.

Mr. W. Ross Thatcher (Moose Jaw-Lake Centre): I should like to propose one specific change in the Bank Act tonight, Mr. Speaker, a change that has to do with agriculture. It seems to me that one of the major gaps or major weaknesses in our banking system over the past few years has been its failure to provide adequate long-term credit facilities for farmers. The banks seem to feel, and I admit with some justification, that marginal

farmers, because of climatic conditions, because of uncertainties of price and markets, are perhaps not good credit risks. As a result Canadian farmers, no matter in what province they live, seem to have difficulty today in obtaining long-term credit.

A few days ago this particular problem was discussed in the Saskatchewan legislature during the debate on a private member's resolution. According to a Canadian Press dispatch of last Thursday, the resolution, and I quote—

> . . . asked the federal government to set up a lending agency to provide loans to young farmers starting out or extend limitations of present lending agencies.

In my opinion, Mr. Speaker, that resolution pinpointed the problem which should be considered by the banking and commerce committee when this particular act is being reviewed. The lack of long-term agriculture credit facilities in my opinion is having a harmful effect on our economy and is causing unnecessary trouble for farmers. As every hon. member knows, no matter from what province he comes, in recent years there has been a steady and persistent drift of farmers into the cities. I think one of the reasons for this trend is to be found in the fact that they are finding it ever more difficult to become established on the farms. The price of land today has skyrocketed. The price of machinery is becoming ever higher, and it is very costly for a young farmer to purchase a basic herd of cattle or of livestock.

In western Canada today if a young farmer wants to start out on a half section of good land, with all the equipment to farm it, it costs him roughly $20,000. Such a figure, of course, is out of reach of about 90 per cent of our farmers. There is no place where they can obtain adequate credit to purchase such a farm. As a result, I say again that many of these young farmers have left the rural areas and drifted into the city. It is quite true, as the Minister of Finance (Mr. Abbott) pointed out the other day, that the federal government has within the past few years set up the Canadian Farm Loan Act and the Farm Improvement Loans Act.

I want to say at once that both of these acts have been extremely beneficial. However, I believe most hon. members will admit that the provisions of these acts have been found to be too limited in scope. Trying to qualify for loans, most farmers either find the down payment required under these acts too high, or the proposed security required too severe, or the amount which could be borrowed too small. For instance, if my memory serves me correctly the ceiling in the farm improvement act is $4,000. When you realize that today in western Canada a tractor alone costs perhaps $3,000 and a combine about $6,000, most hon. members will realize that the ceiling is too low.

Thus I say that experience has shown the provisions of both the Canadian Farm Loan Act and the Farm Improvement Loans Act are completely inadequate to provide farmers with the type of credit which they need today. It seems to me the time has come for this parliament to remedy that weakness while we are discussing the banking system.

I suggest there are several methods which could be used. In the first place, the provisions of the Canadian Farm Loan Act and the Farm Improvement Loans Act could be extended, the ceilings could be elevated and so on. Parliament might also consider a second alternative. In this Bank Act, if I understand it correctly, the minister is proposing that the banks should be guaranteed by the government against losses on 20 to 30-year loans which they make to urban dwellers on the construction of new homes. Why would it not be feasible, under this act, to give the banks similar guarantees against losses which they might have in making 20 to 30-year loans to farmers for the purpose of purchasing new farms or new equipment?

As I see it the principle would be the same in both cases. In that way the farmer could obtain the long-term credit which he so badly needs in Canada today without undue expense being placed upon the taxpayers. If the banks are prepared to accept long-term mortgages on houses under a government guarantee, I believe they should be prepared also to accept long-term farm mortgages under the same type of guarantee.

I may say that I have discussed this matter with bankers I know, and they cannot see any particular flaw in the argument. I realize, of course, that certain safeguards would have to be established so the banks' liquid position would not be jeopardized. I say again, Mr. Speaker, I think the time has come for this parliament to do something to provide the kind of credit facilities that our agriculture needs. I have suggested these two methods, and if there is something wrong with them I hope the Minister of Finance will tell me precisely what it is.

The house divided on the amendment (Mr. Coldwell) which was negatived on the following division:

YEAS

Messrs:

Argue	Campbell
Barnett	Castleden
Bryson	Coldwell
Cameron (Nanaimo)	Ellis

Gillis
Herridge
Johnson (Kindersley)
Jones
Knight
Knowles
McCullough (Moose Mountain)
Nicholson
Noseworthy
Regier
Stewart (Winnipeg North)
Winch
Zaplitny—21.

NAYS

Messrs:

Abbott
Adamson
Anderson
Applewhaite
Arsenault
Ashbourne
Balcer
Balcom
Batten
Bell
Benidickson
Bennett (Grey North)
Blackmore
Blair
Blanchette
Boisvert
Bonnier
Bourget
Bourque
Breton
Brisson
Brooks
Brown (Essex West)
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Cardiff
Cardin
Carter
Cauchon
Cavers
Charlton
Churchill
Cloutier
Conacher
Cote
Crestohl
Croll
Demers
Deschatelets
Deslieres
Dickey
Dinsdale
Drew
Dumas
Dupuis
Enfield
Eyre
Fairey
Fleming
Follwell
Fraser (St. John's East)
Fulton
Gagnon
Garson
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gingras
Gingues
Girard
Goode
Gour (Russell)
Green
Gregg
Habel
Hahn
Hamilton
Hanna
Hansell
Hardie
Harkness
Harris
Harrison
Hees
Hellyer
Henderson
Henry
Hodgson
Holowach
Hosking
Houck
Howe (Port Arthur)
Howe (Wellington-Huron)
Huffman
Hunter
James
Johnston (Bow River)
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
LaCroix
Lafontaine
Langlois (Gaspe)
Lapointe
Leduc
Lefrançois
Legare
Lennard
Low
Lusby
Macdonnell
MacDougall
MacKenzie
MacLean
Macnaughton
McCann
McCulloch (Pictou)
McGregor
McIvor
McLeod
McMillan
Maltais
Mang
Masse
Matheson
Meunier
Mitchell (London)
Mitchell (Sudbury)
Monette
Monteith
Murphy (Westmorland)
Nesbitt
Nickle
Nixon
Nowlan
Pearkes
Perron
Philpott
Picard
Pickersgill
Pinard
Pommer
Poulin
Pouliot
Power (Quebec South)
Proudfoot
Prudham
Purdy
Quelch
Ratelle
Reinke
Richard (St. Maurice-Lafleche)
Robertson
Robichaud
Robinson (Bruce)
Robinson (Simcoe East)
Rowe
Schneider
Shaw
Shipley, Mrs.
Simmons
Small
Stanton
Starr
Stick
Stuart (Charlotte)
Trainor
Tucker
Tustin
Valois
Weaver
Weselak
White (Hastings-Frontenac)
White (Middlesex East)
White (Waterloo South)
Wood
Wylie
Yuill—171.

Mr. Speaker: I declare the amendment lost. Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Friday, February 26, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose previously we were discussing clause 431. Shall the clause carry?

On clause 431—*Seizure of things not specified.*

Mr. Knowles: Mr. Chairman, I am sure the minister recalls the discussion we were having in respect of clause 431 the last time the committee dealt with the Criminal Code. Is the minister awaiting his assistants?

Mr. Garson: No; go right ahead.

Mr. Knowles: As he may recall, some of us were concerned as to this clause. It is a new one and it seemed to me on the previous occasion we discussed it, and still seems to me, that its provisions grant rather wide authority. It makes it possible for one who is armed with a warrant for the seizure of certain things to seize other articles in addition to those set out in the warrant if, in the opinion of the peace officer who has the warrant, there are grounds for so doing.

I listened with interest to what the minister had to say on this matter on February 26, but I must say I was more impressed by what the hon. member for Digby-Annapolis-Kings had to say, particularly when he pointed out that the wording of a warrant can usually be made wide enough to embrace any of the articles involved in a particular offence. As the minister knows, it has been my concern and the concern of some other hon. members in

this house in going through the code that we do not go too far in the direction of providing peace officers with too much authority without a warrant being properly drawn.

Mr. Nowlan: Mr. Chairman, may I amplify what I said in committee the other night when we were dealing with this clause. I feel it is necessary because my hon. friend has merely summarized the discussion, and frankly I believe the minister will have some difficulty in providing justification for this clause. It will be observed that clause 431 contains within it reference to clause 429. Clause 431 reads:

> Every person who executes a warrant issued under section 429 may seize, in addition to the things mentioned in the warrant, anything that on reasonable grounds he believes has been obtained by or has been used in the commission of an offence, . . .

—and so on. But, Mr. Chairman, if you go back to clause 429 you will find provisions (a), (b) and (c) are so wide that they include almost everything under the sun. To use a colloquial expression, they include everything but the kitchen sink. Paragraph (a) of clause 429 reads:

> (a) anything upon or in respect of which any offence against this act has been or is suspected to have been committed.

And then paragraphs (b) and (c) read:

> (b) anything that there is reasonable ground to believe will afford evidence with respect to the commission of an offence against this act, or
>
> (c) anything that there is reasonable ground to believe is intended to be used for the purpose of committing any offence against the person for which a person may be arrested without warrant.

It must be remembered that the information will be preferred by a skilled officer, perhaps of the R.C.M.P. or other branch of the police, and that this is not a warrant for the arrest of an individual where the charge is limited specifically. In such cases a peace officer cannot go beyond that charge; otherwise he would be guilty of complicity and the warrant or the indictment would become void. This is information upon which a search warrant will be taken out and within which the officer responsible, I suggest with all due deference, can include everything which any reasonable person could anticipate.

Having done that, it is not necessary to use the provisions of clause 431, unless by any chance the officer has been lax or careless, in which case I frankly do not believe we should require in the Criminal Code a clause which is quite so wide as this. Under this provision, if the officer has forgotten or fails to include within the information everything from Dan to Beersheba, he can in addition to the one thing mentioned in the warrant seize anything be believes on reasonable grounds has been used in that offence.

For example, Mr. Chairman, I can imagine a husband or wife buying a washing machine and stating that they can pay $10 per month, when actually their earning power is considerably exaggerated. It would then be perfectly conceivable under this clause for the vendor to seize that washing machine, because he could claim that the buyers obtained it by falsely representing their income, and that in fact they lacked the purchasing power.

I certainly do not want a situation of that kind created, and I know the Minister of Justice would be the first to oppose such a development. But I am saying to him with all the force I can command that if this clause is permitted to stand as it now is, then it will be open to a great many abuses, and we will find the Criminal Code being used for the seizure of goods which should actually be recovered under civil procedure, if they are seized at all.

I would be the first to admit that we should not handicap an officer of the law, and that we should provide him with all necessary powers; but I do not like umbrella clauses, or general catch-alls such as we have here. I know the minister will give an explanation which will undoubtedly appeal to reason, but I would also suggest with all due deference that if he were sitting on this side of the house, I would hate to think how much time he would take in opposing the enactment of the clause we have before us now.

Mr. Garson: I think I should address myself to the last point made by my hon. friend, but first let me deny as emphatically as I can that in the improbable event of my sitting on the other side of the house I would oppose this clause. I am not supporting it merely because I am sitting on this side of the house. I am supporting it because I think it is a necessary provision to have in the bill.

I went to some considerable length in outlining the justification for this clause on the last occasion on which it was before the committee, and I do not believe it is necessary for me to cover the same ground tonight. However, I should deal with the points raised by the hon. member for Digby-Annapolis-Kings. He claims that if this clause is passed it will enable a creditor to seize, say, a washing machine.

Mr. Nowlan: It is possible.

Mr. Garson: Yes, but I would suggest that he look carefully at clause 429, under which the warrant has to be issued. When my hon. friend talks about subsection (a), covering

anything upon or in respect of which any offence against this act has been or is suspected to have been committed—and the same sort of provision is in (b) and (c)—I think he will agree from his own experience that in order to get a search warrant under section 429 at all the informant has to satisfy the justice that he believes, upon reasonable grounds, that an offence has been committed.

When he establishes that by his information, then the information is issued only in respect of things which have to do with that offence. The warrant only applies to things under (a), (b) or (c) in relation to that offence. It does not make any difference how broad (a), (b) and (c) are. The restriction does not arise under these subsections. It arises from the fact that when the warrant is issued it is in respect of a certain offence which is disclosed in the information sworn before the justice. I see that my hon. friend from Digby-Annapolis-Kings is nodding his head in assent to that statement, and I am glad he agrees with what certainly is the case.

When the peace officer has this warrant, he goes to the place where he thinks he is going to find the property which was involved in that offence which was referred to in the information and in the warrant that is in his possession. When he gets there, he discovers that this particular thief has been active in more spheres than anyone had suspected, and that he not only has all of the swag from this particular offence but a lot of material from perhaps several other offences as well. This is not an imaginary situation. Time after time we see in the newspapers reports to the effect that when the police went to seize under a search warrant of this sort they found goods that had been stolen in a series of robberies in that community over a previous period of time.

What my hon. friends of the opposition are arguing is that under a set of circumstances such as that, the peace officer should solemnly seize the articles covered by the warrant he has, as being those that were connected with the offence in respect of which the warrant was issued; and then, so far as all the other ones are concerned, he says, "Well, I have not any authority to do that. I shall go back to the magistrate and see if I can get some more warrants to cover these other matters". Is that common sense?

I had perhaps better not ask my friend the hon. member for Digby-Annapolis-Kings the rhetorical question, "Is that common sense"; I shall merely say that it does not seem to me to be common sense. It is only after the peace officer has been armed with the warrant in respect of a particular offence disclosed in a sworn information before the justice, and he goes and finds other goods which upon reasonable grounds he believes to have been the subject matter of other offences, that he has any right to take them. To my mind this section is an improvement in this part of the code.

Mr. Nowlan: With all deference, may I say this. We are not going to involve the minister in rhetorical questions or otherwise. He was suggesting that perhaps I was not talking common sense. Perhaps I am not prepared to offer an opinion because I might be slightly prejudiced.

Nevertheless I suggest, with all deference, that the minister has not met the point I raised. In other words, he says that section 429 deals with a specific offence. It is certainly possible for any embryonic lawyer or any embryonic police officer to draw up an information under section 429 which would be wide enough to cover any possible eventuality that might occur.

I am not going to waste the time of the committee by stressing this point again, having done it once. My complaint is not that anything might be done under section 429; but having laid the information, we come back and find that it is any person who can do this. Mind you, it need not be a police officer; this can be anybody. You are not limited to a peace officer. You are not limited to a constable. And even some of these people, I am rather afraid, have fearful ways of dealing with matters. I am just thinking of a peace officer who was on traffic duty in a city not too far away from here when a horse dropped dead in what was known as Confederation square. It was not Confederation square in Ottawa, I may say. He could not spell "confederation" so he unharnessed the horse and dragged it till he came to Prince street, which was his own name and he could spell it. Then he filled in the traffic report saying that he found the horse on Prince street. That sort of thing sometimes happens with peace officers.

You are going beyond even that class now. You are saying that any person who executes a warrant may seize things in addition to the things mentioned in the warrant. I say again with all emphasis—and I am not stressing it further—that everything should be mentioned in the warrant that could possibly be included within the scope of any particular crime with which you were concerned. If you are going on a fishing expedition I think you should at least fish within the ambit of the law, and not under a general umbrella. You add that to the fact that any person can do that, that he can seize anything. It might be a bootlegging offence. As I say, it might be something resulting from credit.

The minister says this is an improvement in the law. Possibly it is, Mr. Chairman. But I simply point out that the criminal law of this country has been fairly well administered since confederation, and the Criminal Code has been a fairly effective instrument of legislation. There are hon. gentlemen in this house who have been connected with its enforcement. For instance, there is the hon. member for Cumberland sitting on my right, who for years has been a crown prosecutor in his own constituency, and there are many others in this house who have had similar experience. It seems to me rather strange that we now find this new section being drafted which in my opinion, at any rate, goes farther than the code went previously.

I always object to the law being stretched to the limit. I think we must, as far as possible, maintain the old concept of specific offences, specific crimes and specific informations. I am not going to urge the matter further but I do say that I think this is not an improvement. I say that with all respect to the minister. He can refer to section 429 as much as he likes, but I am sure that any officer who is retained by the Department of Justice and lays an information which does not bring the matters which the minister wants investigated within the scope of that section, will not be retained a second time, unless there is a great deal of pressure brought to bear upon the minister. It is only when they fail to do that that you are back within the provision of this section. I say it is unnecessary and I say it is unwise; and I at least want to register my own objection.

The Chairman: Shall the clause carry?

Mr. Fulton: No. I think there is another objection to this clause, Mr. Chairman, on the ground that in none of these sections so far as I can see is any time limit laid down within which a warrant must be executed. That may be a non-essential. When you act under clause 431 and seize anything else in addition, that is one thing. When you read that in conjunction with clause 432 (3) (a), under which the magistrate or the justice is now to be the judge of whether or not the thing was lawfully in possession of the person from whom it was seized, you have three things. It is not included in the warrant. It is seized on the suspicion of some peace officer that it was obtained unlawfully. Yes; my friend the hon. member for London corrects me and says it may not be a peace officer, but may be seized by any person who fancies that it was obtained by the commission of an offence. Then after it has been seized and is before the justice, that justice, without any sort of trial, if he thinks it was obtained unlawfully orders it to be forfeited. Then added to all these considerations is the fact that no time limit is specified within which this extraordinary power may be exercised. I think it is going much too far, and I would certainly propose to vote against the section.

Mr. Garson: I wonder if, while we are on this section, I might bring to the attention of the members of the committee a representation which I have received from Mr. N. A. Munnoch, general counsel of the Bell Telephone Company. He had made representations before the special committee of the House of Commons last year in connection with this same question. Mr. Munnoch refers to section 171, subsection 6 of the bill, which hon. members will find on page 57. That is the section authorizing a search warrant in connection with gaming houses.

Mr. Knowles: We are back to the corner stores again.

Mr. Garson: No, not to the corner stores. This is a different kind of gaming house. This is a gaming house where a lot of telephone lines have been installed in order that those in charge may receive and place bets on race tracks. The complaint of the telephone companies, on the strength of which this subsection was placed in the code previously, was that when the police came in they took the telephones in the course of seizing exhibits and ripped them from the walls, and in doing so frequently damaged them severely. To meet that situation it was provided by subsection 6 of section 171 that—

> Nothing in this section authorizes the seizure, forfeiture or destruction of telephone, telegraph or other communication facilities or equipment owned by a person engaged in providing telephone, telegraph or other communication service to the public or forming part of the telephone, telegraph or other communication service or system of such a person.

Before the House of Commons committee Mr. Munnoch represented that clause 431, which we are now discussing, might have this effect of permitting and I think I had better use his words rather than paraphrase them—

> . . . "a person, armed with a search warrant pursuant to section 429, to seize telephone, telegraph and other communication facilities and equipment if, on reasonable grounds, he believed they had been used in the commission of an offence, despite the fact that they are exempt from seizure under section 171. This would seem to conflict with and nullify, or to a large extent impair, the protection given to communication companies by section 171.
>
> In order to remedy this situation and give such companies the protection to which they are, in my submission, entitled, I respectfully suggest that

either section 431 be amended by adding a provision substantially similar to that contained in subsection 6 of section 171 or that subsection 6 of section 171 be amended by adding after the word "section" in the first line thereof, the words "or in section 431", so that the said subsection would read as follows:

"(6) Nothing in this section or in section 431 authorizes the seizure, forfeiture or destruction of telephone, telegraph or other communication facilities or equipment owned by a person engaged in providing telephone, telegraph or other communication service to the public or forming part of the telephone, telegraph or other communication service or system of such a person."

The House of Commons committee rejected that argument, and when we were considering introducing the code last fall I advised Mr. Munnoch that we were going to introduce it—with the few minor exceptions I have called to the attention of hon. members, typographical errors and the like—in substantially the same form as that in which it had emerged from the House of Commons committee of last year. He then asked me if, when we came to clause 431, I would be good enough to present to this committee and myself endorse these representations of his which I have just finished quoting. I said I could not endorse them, because my view was that we should adhere to the decision that had been made by the House of Commons committee, but that I would bring the matter to the attention of hon. members of this committee as I have now done.

The Chairman: Shall the clause carry?

Mr. Fulton: On division.

Clause agreed to on division.

On clause 432—*Detention of things seized.*

Mr. Nowlan: What about the three months' provision in clause 432? I wonder whether the minister would comment on that. The note says that subsections 1 and 2 are the old section 631, but all section 631 says is that the thing shall be detained until the conclusion of the investigation or trial, and otherwise shall be returned. It seems to me that the period of three months during which the thing can be held while the investigation is being conducted, as provided in clause 432, is rather long. I wonder if the minister would comment on that briefly or comment —period.

Mr. Garson: I should bring to my hon. friend's attention that the entire clause in which the three months appears, that is, starting with the words "but nothing shall be detained", was added by the Senate to the section in its original form as a saving clause to limit the period during which things could be detained. In that form it passed the House of Commons committee, and I would think we might well approve of it here.

Mr. Fulton: What about subclause 3 (a) of clause 432? Is that the one the minister is saying is a saving clause?

Mr. Garson: No. I suggested that the last five lines of 432 (1) were added as a saving clause.

Mr. Fulton: I think there are strong grounds for objection to subclause 3 (a), which I notice is new, and so that the grounds of objection may appear on the record I had better read it. It reads as follows:

(3) Where a justice is satisfied that anything that has been seized under section 431 or under a warrant issued pursuant to section 429 will not be required for any purpose mentioned in subsection 1 or 2, he may

(a) if possession of it by the person from whom it was seized is unlawful, order it to be forfeited unless he is authorized or required by law to dispose of it in some other way, or

(b) order that it be returned to the person from whom it was seized.

There can be no objection to (b) because that is restoring it to the place whence it came, but under (a) nothing is laid down to indicate in any way what steps a justice has to take to satisfy himself whether or not it was unlawfully obtained by the person from whom it was seized. If there is any other provision in the code which applies here and makes it incumbent upon a justice to at least go through some form of judicial inquiry to come to a conclusion, I would be glad if the minister would direct our attention to it. As I see the section as it stands the thing can be disposed of on the merest whim of the justice.

Mr. Garson: If my hon. friend will look at the following subsection 4 he will see that it indicates—

Mr. Fulton: That merely provides a time limit. It merely reads:

(4) Nothing shall be disposed of under subsection 3 pending any proceeding in which the right of seizure is questioned, or within 30 days after an order is made under that subsection.

The introductory words of subsection 3 emphasize the fact that this thing may have been seized although not named in the search warrant. The introductory words are:

Where a justice is satisfied that anything that has been seized under section 431 or under a warrant issued pursuant to section 429 . . .

This thing may have been seized although it was not included in the warrant. There has been no information laid with respect to it. A person enters to execute a warrant and he sees something else which in his belief—and he may believe it sincerely—has been acquired unlawfully by the person in

whose possession it is found, so he seizes it. Then it comes before a justice. It is not wanted in the judicial proceedings brought against the person in whose possession it was found. It may lie there for any length of time. No maximum limit is laid down within which it has to be disposed of or returned. After six months or a year somebody suddenly notices it lying around a police corridor. Possibly they have forgotten where it came from, or cannot find the records, or it involves a little bit of trouble to look them up. It is decided that the fellow was up on a charge, was not a very good character and probably came by it unlawfully in any event. Heaven only knows what disposition may be made of it.

I must confess that this seems to me to be very loose draftsmanship, and a form of draftsmanship which means that no one can say what are the principles upon which a justice must proceed in determining how to dispose of this seized article.

Mr. Nowlan: In furtherance of that, may I point out to the minister that he has referred to subclause 4 as a saving subclause. I am prepared to admit that it has some saving value, but subclause 4 reads:

> Nothing shall be disposed of under subsection 3 pending any proceeding in which the right of seizure is questioned . . .

Now, just what is meant by the "right of seizure"? You are not dealing now with something which is unlawful. This is a new phrase, new terminology entirely, "the right of seizure." To be quite frank, I believe the provisions of clause 429 are wide enough; and being as wide as they are, for the life of me I do not know how anyone could ever question the right of seizure, whatever may be included within that term. It apparently means if you go beyond the scope of machinery which has been set in motion.

As I said earlier, if the section had been drafted properly the right of seizure could not be questioned. Then, going back to subclause 3, who determines if possession is unlawful? A justice is satisfied that something has been seized, and then paragraph (a) goes on to say.

> if possession of it by the person from whom it was seized is unlawful . . .

How is that determined? If one goes down to a later clause we find provision for some inquiry, I suppose, but I am not sure it is included in that. I want to emphasize what my hon. friend has said, that I believe it is loosely drafted, too widely drafted. For the life of me, which does not mean too much, I cannot understand what it means.

Mr. Fulton: I should like to ask one other question to indicate the difficulty. If the justice is satisfied that possession is unlawful, he may order it to be forfeited. To whom would it be forfeited? There is no provision in this clause. There is a provision in clause 433, covering explosives, which provides that the proceeds of sale will be forfeited. Under the existing code there is either committal or it is returned. Now there is this vague provision, and to whom is it forfeited? Would it be forfeited to the person who seized it, or what? The section is full of uncertainties and vagueness, and I would ask at least that it stand, if indeed it should not be dropped.

Mr. Garson: I have no objection to having any of these clauses stand if there is any substantial doubt entertained by any member of the committee. I shall now endeavour to dispel that doubt, and if I do not succeed I am quite prepared to let the matter stand. Subclause 3 says:

> Where a justice is satisfied that anything that has been seized under section 431 or under a warrant issued pursuant to section 429 will not be required for any purpose mentioned in subsection 1 or 2, . . .

My friend understands that is in connection with an investigation, preliminary hearing or trial. Then the clause continues:

> . . . he may
> (a) if possession of it by the person from whom it was seized is unlawful, order it to be forfeited . . .

Then if my hon. friend will look at clause 626 of the bill, he will see that fines, penalties, forfeitures and so on, go to Her Majesty in the right of the province as represented by the attorney general of the province. Suppose that the person from whom this article was seized was the lawful owner, and in lawful possession of it. Then the justice, presumably, would not issue an order of forfeiture because the possession of it by the person from whom it was seized would not appear to him to be unlawful. On the contrary it would appear to be quite lawful.

In the event, that he made a mistake—and judges are human and can make mistakes—it is provided in subclause 4 that:

> Nothing shall be disposed of under subsection 3 pending any proceeding in which the right of seizure is questioned, or within 30 days after an order is made under that subsection.

If the person from which the thing was seized were the owner of that thing, if he did lawfully own it, and was lawfully in possession of it and it was taken from him, I think my lawyer friends of the opposition will agree that the owner if necessary could take

out a writ of replevin in the common law provinces to recover it. But I am also certain that under those circumstances the justice or the peace officer who was holding the article would never seek to retain it, so I do not entirely share my hon. friend's apprehension about the difficulties which he alleges.

Mr. Fulton: It would be rather difficult for him to bring an action for replevin if he were languishing in a jail 150 miles away. He has only 30 days to oppose the forfeiture.

Mr. Garson: I am taking the case my hon. friend seems to be exercised about, where the article has been improperly seized from Mr. John Doe. It really belongs to him and they should not have seized it in the first place. They exercised an unwise discretion. Supposing it is a refrigerator they have seized. They cannot do anything with it within that period of 30 days, and during that time the man from whom it was unwisely seized can assert his claim in relation to it and if necessary have a civil process issued to take it back.

On the other hand, if his possession is unlawful, if it was a stolen article, it could be returned to the owner. If the owner was not known it would be forfeited to the crown.

Mr. Knowles: I wonder if I could get in for just a moment to make a suggestion that it seems to me might meet the point or at least might help to get across the point that the hon. members for Kamloops and Digby-Annapolis-Kings have been trying to make. What about putting in line 6 after the first "is" the words "to the satisfaction of the justice." This part of the clause would then read, "if possession of it by the person from whom it was seized is, to the satisfaction of the justice, unlawful . . ." The hon. member for Kamloops says that is already in there, but he now agrees that the words "is satisfied" are only in line 1. It is from that that I gathered this idea. The justice does have to be satisfied that something that has been seized will not be required for any purpose mentioned in subsection 1 or 2; that does impose upon the justice the obligation of being satisfied. Why not do the same in line 6?

Mr. Garson: The obligation is there anyhow.

Mr. Knowles: Why is it stated in one case and not stated in the other? I go along with the view being expressed by my friends to the right that it would be wise to state the obligation again and thus make it necessary for the justice to be satisfied, and have some way of showing it, that the article was seized unlawfully.

Mr. Garson: I think the reason the words "is satisfied" are used in one instance and not in the other is that in the first case the justice has to be satisfied these articles will not be required for any purpose mentioned in subsection 1 or 2, whereas in the second case it is really a point of law he is deciding—if possession of it by the person from whom it was seized was unlawful. But they have to prove that it was unlawful. He will not act unless it is proven to him that it is unlawful. So it seems to me that without inserting the words "to his satisfaction", or words to that effect, the clause indicates clearly that they have to establish, first of all, that the possession is unlawful before the justice has any jurisdiction to make an order under the clause.

Mr. Knowles: Where is that obligation set out?

Mr. Garson: In the words of the clause. It says that "he may"—he may do what? He may "order it to be forfeited". On what condition? If possession of it by the person from whom it was seized is unlawful. But they have to show him that it is unlawful before he can make an order for forfeiture.

Mr. Fulton: Who are "they"? Who has to show it? To what extent does it have to be shown?

Mr. Garson: Anyone who is seeking a forfeiture order. It might be a representative of the crown who wanted a forfeiture order. It might be a peace officer. But whoever it is he must show the justice that it is unlawful before the justice can make a forfeiture order.

Mr. Knowles: Does he have to do this only on a request for a forfeiture order, or could he do it on his own initiative?

Mr. Garson: It has to be established to his satisfaction, notwithstanding the fact that such satisfaction is not mentioned here.

Mr. Knowles: The minister is coming around to my point.

Mr. Garson: Oh, no; I have always agreed with my hon. friend that the justice must be convinced that the possession of the person from whom it was seized was unlawful. What I disagreed with was that it needed some particular words like "to his satisfaction" here to make this point clear. The justice may, if possession of it by the person from whom it was seized is unlawful, order it to be forfeited. The question he has to decide is

this. Is the possession unlawful? And when he has decided that, but not before, he may order it to be forfeited.

Mr. Fulton: And then, when the question is raised, to what extent and by what process does he have to be satisfied that it is unlawful? A crown officer comes before him. Is it sufficient that he make a statutory declaration as to the circumstances under which it was obtained and his belief that the possession of it by the person from whom it was seized is unlawful, or is it necessary to have judicial or semi-judicial proceedings? What kind of process is necessary to satisfy the justice? Let us look at subsection 4, because the minister has said that is the saving clause. It reads:

> Nothing shall be disposed of under subsection 3 pending any proceeding in which the right of seizure is questioned—

—and so on. Mr. Chairman, there can be no question as to the right of seizure, because under section 431 it is provided that—

> Every person who executes a warrant issued under section 429 may seize, in addition to the things mentioned in the warrant, anything that on reasonable grounds he believes has been obtained by or has been used in the commission of an offence.

He may have had reasonable belief on those reasonable grounds, but his belief may have been entirely wrong. His judgment may have been entirely wrong. The thing may have been obtained in a perfectly lawful fashion by the person in whose possession it was found. But so long as the person executing the warrant believes, on reasonable grounds, that it was not so lawfully obtained, he has a perfect right to seize it. There will not, in fact, be any subsequent proceeding unless the right to seizure is questioned.

The right to seizure is absolutely unquestioned under the terms of section 431. If a form of words were used which suggested that what was in mind was a proceeding in which the correctness or soundness of a seizure was being questioned, then I think that would cover the purpose in mind. But when the words used are, "Any proceeding in which the right of seizure is questioned", then I do not think it covers the purpose in mind, because surely it is not the right to seize which is in question. It is whether the seizure was in fact correctly and soundly made that is going to be questioned.

Mr. Garson: May I go into a few elementary principles? Would my hon. friend not agree—

Mr. Fulton: You have to have more than that to justify this section.

Mr. Garson: Would not my friend agree that, first of all, the seizing officer has to have a warrant under section 429?

Mr. Fulton: Yes, that is right.

Mr. Knowles: Or section 431?

Mr. Garson: No, no. There is no warrant under section 431. He has a warrant under section 429. Please follow it carefully. He has a warrant and then, having the warrant, he comes along to this place where he has to seize goods which are covered by the warrant. When he gets there he finds a lot of other goods, and he seizes them too. But he does so only if he can justify that seizure by a belief on reasonable grounds that these other goods fall within the condition of this clause.

Mr. Fulton: Surely.

Mr. Garson: In the case posed by my hon. friend he has gone to this place and found there some goods covered by his warrant, and also another washing machine not covered by his warrant, a washing machine lawfully belonging to the person in whose possession it was. But the officer may think that because the goods he was seeking were stolen, the washing machine, too, was stolen. In those circumstances he might regard this as a reasonable ground for taking the washing machine away. Suppose then his right of seizure is challenged.

Under those circumstances, his right of seizure would be in question and it would be a very difficult thing indeed for any magistrate or justice to say that the man had reasonable grounds for seizing something that belonged to and was in the lawful possession of the person from whom it was taken. In this event he would issue an order releasing the washing machine to the lawful owner from whom it had been seized and the matter would be closed.

Mr. Fulton: But he does not have to have reasonable grounds to seize it; he only has to have reasonable grounds to believe that he has the right to seize it. Take the case the minister has mentioned, where a man is suspected of having stolen several washing machines. Washing machines are rather large; let us suppose that he is suspected of having stolen a number of automobile tires. A warrant is taken out for the seizure of those tires, or for their detention. At the home of the person presumed to have taken the tires the officer finds a number of tires the accused is suspected of having stolen, and in addition he finds three or four more tires which he believes, upon reasonable grounds, have been stolen by this man who has been stealing tires and disposing of them.

The officer has perfectly reasonable grounds for supposing that the other tires, too, were stolen, and with that in mind he seizes them. This seizure is not covered by the warrant at all. There can be no question of the

officer's right to seize, because it is conferred upon him by section 431. He may seize so long as he has reasonable grounds for believing. To him the grounds are perfectly reasonable and, as a reasonable man, he attempts to exercise reasonable judgment when he exercises the right to seize.

Now, what I am pointing out is that in fact the seizure may not be reasonable. But when the seizure is perfectly lawful under clause 431, and the right to seize exists under that clause, how can you question the right to seize under those circumstances? Yet the proceeding envisaged here, and the words used—and it is the words of the law that the courts will have to interpret, not what the courts believe the intention of parliament might have been—the words used are, "any proceeding in which the right of seizure is questioned".

In the circumstances which I have outlined and which the minister outlined, I submit that the right to seize could not be questioned, because he has an unquestionable right to seize once the clause is enacted. That is another example of why we should be more careful in the drafting of this and other clauses which are concerned with the exercise of very wide powers almost otherwise completely undefined. What is in mind here is the question of whether or not a seizure was in fact well founded, and whether or not there was the right to seize.

I am not going to attempt here to suggest the form of words which will put into legal phraseology the idea which I think should be incorporated in the clause, but I am quite clear in my own mind that the words now in the clause do not cover the idea, do not put into legal phraseology the intent which was there when that particular subclause was drafted.

Mr. Garson: I suggest to my hon. friend that what he has just described as a very difficult problem could be quite simply resolved if he looked at 3 (a), which reads:

> Where a justice is satisfied—

—that this article is not required for any purpose mentioned in subclauses 1 and 2 of clause 432, he may:

> (b) order that it be returned to the person from whom it was seized.

So this great difficulty that my hon. friend has been explaining for the last two or three minutes could be resolved by a simple order under 3 (b). So far as his difficulty about the right of seizure is concerned, I am sure my hon. friend will agree that the right of seizure in this case is made up of two things. There must be a warrant, and there must be reasonable and probable grounds for the peace officer's belief under clause 431. If either of those ingredients is missing, then the right of seizure is not complete.

Mr. Fulton: Of course; that is the point. These ingredients may be there, yet a seizure may be effected which is perfectly proper and which in fact embraces things neither included in the warrant nor unlawfully in the possession of the person from whom they were seized.

Mr. Garson: Will my hon. friend look at 3 (b) and say that they cannot be ordered to be returned to the man?

Mr. Fulton: Of course they may be ordered to be returned.

Mr. Garson: That is the whole point.

Mr. Fulton: Under subclause 3 (a) or (b), as I say, it is going to be rather difficult, for the person from whom they were seized may have been found guilty of a crime with respect to other things and be incarcerated in a prison or possibly in a penitentiary. But he has to assert the right to have them returned, and how is he going to satisfy the magistrate of his right under those circumstances? That is putting all sorts of difficulties in the way; and yet, as I said earlier, there is no principle laid down for the guidance of the justice in determining whether or not the possession of the thing by the person from whom it was seized was lawful.

As I pointed out earlier, the minister has not said whether it can be done by statutory declaration on the part of the crown officer, whether it has to be by an affidavit, or whether there has to be some either quasi-criminal or fully criminal or even civil action, brought to determine the lawfulness of the possession on the part of the person from whom it was seized. When I couple that with subclause 4, and I see the incomplete and inadequate wording there, I say this thing is just going to create difficulties in interpretation and in enforcement. It will be impossible to resolve it without amending this clause. I am suggesting that it be amended now rather than later on.

Mr. Garson: I am afraid we are going to waste time over this clause if we discuss it at further length. I would suggest that we let it stand and, keeping my hon. friends' observations in mind, we shall see whether some method cannot be worked out to meet the point they have made, without spoiling the effectiveness of the clause itself.

The Deputy Chairman: Clause 432 stands.

Clauses 433 to 437 inclusive agreed to.

On clause 438—*Delivery to peace officer.*

Mr. Nowlan: This clause deals with the person after he has been arrested and delivered to the peace officer to be taken before a justice. The marginal note of clause 438 says:

Section 652 (in part) and new in part.

Well, now, section 652 of the code as it now stands says that a man who has been arrested may be detained, but must be brought before a magistrate or a justice before noon of the next day, as I recall it. Of course, that naturally does not include a Sunday or a holiday, but ordinarily he must be brought before a justice before noon of the next day. When you read clause 438 and get down to 2 (a) you find this:

Where a justice is available within a period of 24 hours—

Where a justice is available he shall be brought before him within a period of 24 hours. I wonder just what this question of availability means. Of course the minister can refer us to some actual situation which may exist in the Northwest Territories or somewhere in Baffin Land where a justice of the peace may be several hundred miles away, though even there probably the police officer has that power. I am not worrying about that; I am concerned about this clause which has abrogated the old law which says that he must be brought before the justice before noon the next day. It now says that where a justice is available he shall be brought before him within a period of 24 hours.

I think (b) is worse. It says:

Where a justice is not available within a period of 24 hours after the person has been delivered to or has been arrested by the peace officer, the person shall be taken before a justice as soon as possible.

Who is going to determine the "as soon as possible", Mr. Chairman, and just what does that phrase mean? We are dealing now with the liberty of the subject. We are amending a law which has been definite and conclusive heretofore as to timing. You will notice, Mr. Chairman, that the part we have before us, part XIV, has a subtitle which says "Arrest without warrant". This is not a case where you have laid an information, where you have arrested a man on a warrant pursuant to that information. This is a matter of an arrest without warrant; yet you have these, I suggest, rather vague provisions of either "if he is available" or "if he is not available". I have had some experience in trying to get people out on bail and the justice was not available because he had gone fishing. I wonder whether he is entitled to a 24-hour fishing trip, a 48-hour fishing trip or a 72-hour fishing trip?

Mr. Harris: That is in Nova Scotia.

Mr. Nowlan: That is in Nova Scotia, but probably the same thing would apply in Ontario and British Columbia. I think our administration of justice will compare very favourably with any; in fact it is better than most. I am not going to take that from the minister. And the fishing is just as good as anywhere else, Mr. Chairman.

Mr. Knowles: Don't involve the chairman.

Mr. Nowlan: I am not. The thing is obvious. There is no point in labouring it. I simply raise the question with the minister. I can understand that there are technical difficulties. As I said, I have seen cases when the justice was away on a fishing trip. I can imagine a man being arrested somewhere in the woods where you could not bring him before a justice within 24 hours or by noon the next day. When you are dealing with a clause which authorizes an arrest without warrant, which in itself is quite an infringement of human liberty, one which we all realize is attended with risk and one which should be guarded very carefully, you should be very careful.

I want to ask the minister as to the necessity for these changes, and to say without prejudging the matter that unless he can submit a very substantial reason then I strongly protest against them.

Mr. Garson: First I think I should clear up one point made by my hon. friend. He said that under the code as it now stands—

Mr. Nowlan: Section 652.

Mr. Garson: —it is necessary for the person so apprehended to be brought before a justice before noon of the following day. The impression I got from my hon. friend's remarks, and if I am wrong I hope he will correct me, was that it applied to all persons who were arrested without a warrant. But that is not so. Section 652 is confined to one rather unusual offence. It states:

Any peace officer may, without a warrant, take into custody any person whom he finds lying or loitering in any highway, yard or other place during the night, and whom he has good cause to suspect of having committed or being about to commit, any indictable offence, and may detain such person until he can be brought before a justice to be dealt with according to law.

In other words he can detain such a person until he can be brought before a justice before noon of the following day. Besides the one offence under the present section 652

there are scores of other offences under the present code for which a person may be arrested without a warrant if he is found committing such offences. If a person is thus arrested he must be brought before a magistrate only within a reasonable time.

When my hon. friend makes the suggestion that the clause we are discussing here introduces a great change in law, his suggestion is quite without foundation. Section 652 is of extremely limited application.

As a matter of fact the first draft of Bill No. 7 contained the same sort of general provision with regard to bringing an accused before a magistrate within a reasonable time that was in the existing code, and without the saving clauses to which my hon. friend is now objecting.

Those hon. members who served on the House of Commons committee will remember that the particular point my hon. friend from Digby-Annapolis-Kings is now labouring was discussed at great length before that committee, with this difference; that the House of Commons committee had a genuine case to discuss because as the section was originally presented it referred to persons arrested without a warrant and there were none of the protective provisions we have here now. There was then no time specified within which the accused must be brought before a justice. It was the Commons committee which suggested this redrafting; and the principal effect of the alteration is that where a justice is available the accused must be brought before him within 24 hours. If the arrest takes place in some remote area and a justice is not available, then it would be an obvious absurdity to say that he must be brought before a justice within 24 hours, because there would be no justice to bring him before. In that case it is provided that he must be brought before a justice as soon as possible.

My hon. friend, as a lawyer, should not raise the question as to what "as soon as possible" means. It means what it says, namely that he should be brought before the nearest justice as soon as it is possible to do so, which is a question of fact. After extensive discussion in committee this provision was put in to meet the very point which my hon. friend has raised; and I believe, upon reflection, he will agree that it meets the point pretty well.

Mr. Nowlan: Mr. Chairman, apparently I made the fatal mistake of assuming that this code had been properly drafted. The minister now tells me that this matter has no reference to section 652 whatsoever, yet the explanatory section of the code opposite clause 438 states: "Section 652 (in part) and new in part." If section 652 has nothing to do with it, as the minister claims, why was this explanatory note put in? I believe there has been some very bad draftsmanship here and—

Mr. Garson: On a point of privilege, Mr. Chairman, I did not suggest that section 652 had nothing to do with this matter. What I said was that my hon. friend's claim that section 652 provided that the accused be brought before a magistrate by noon of the following day and applied to all offences was incorrect, and that actually it applied only to one exceptional offence seldom encountered.

Clause agreed to.

Clauses 439 and 440 agreed to.

On clause 441—*Summons.*

Mr. Winch: Mr. Chairman, I would like the minister to comment on paragraph 3 of this clause, as to the purpose behind the regulation under which summonses may be served not directly on a person but left at their place of abode. I know that is very convenient for the person who has to serve the summons and who cannot locate the person to whom it is addressed. But it can also be very inconvenient for the person concerned if he does not receive that summons and learns nothing about it. Although he may not know anything about it and therefore does not answer the summons, a warrant may be issued for his arrest.

I know this very often occurs. As a matter of fact I had a rather unfortunate experience myself in this regard about two years ago. I arrived home one evening, to be told by my wife that there was a summons for me on my desk. I went to look for that summons and it had disappeared. Somehow or other it had been destroyed. I had not the faintest idea why I should receive a summons or where it could possibly come from, and it took me hours to find out. It so happened that it was a summons for jury duty, but it could have been something else and if I had not answered there would have been a warrant issued for my arrest. Why are summonses handled in this fashion?

Mr. Garson: Mr. Chairman, this particular provision has been in the code for a long time and there has been no change made in the law by Bill No. 7. The words in this clause are the same as the words in the existing code. As to the point raised about serving a summons upon some irresponsible person, or as to the circumstances under which a summons can be served, it was held in the case of re Musial, 51 C.C.C., that the service on a person other than the accused is

permitted only if the accused "cannot be conveniently met with". This accordingly must be established before that type of service will be accepted. The mere proof that the accused was away from home when the constable called will not be sufficient to justify this substitutional service, as it is called, which cannot be used unless there has been a foundation established for its use.

If my hon. friend from Vancouver East were the gentleman in question, the mere fact that he did not happen to be home at that time in itself would not be sufficient foundation for serving the summons upon someone else in his household. If on the other hand it was left with some person in the household at least 16 years of age, after the peace officer had made other attempts to serve my hon. friend personally, and it could be shown that he could not conveniently be found within the meaning of clause 442 (3), then that substitutional service would be sufficient.

Mr. Ellis: Mr. Chairman, according to paragraph 3 of this clause if a person is not home when a summons is served it can be left with a person who appears to be at least 16 years of age. I would like to know whether there is an obligation upon the person with whom that summons is left to serve that summons, and if he does not do so whether he is liable under this clause?

Mr. Garson: I do not think he or she would be liable. In most cases substitutional service works quite satisfactorily. The fact that so many of those who were involved in the drafting had a great deal of experience in criminal law administration—some of them on the prosecuting side, it is true—and that they adopted the existing provision that had served for so many years, I think indicates that the existing provision must have appeared to them to have been reasonably workable or they would have made some change in it.

Clause agreed to.

Clauses 442 to 444 inclusive agreed to.

On clause 445—*Execution of warrant.*

Mr. Knowles: Whenever anyone rises with a question as to why a clause is worded in a certain way, if there has been no change the minister tells us that those who went into the matter must have been satisfied that it was all right. I would be interested in hearing what the minister has to say when a change is pointed out. I believe that a change has been made here. Formerly there was a reference to a seven-mile limit. Now that limit has been extended from coast to coast. Will the minister comment and explain?

Mr. Garson: Section 661—that is the existing section—authorizes an arrest, in the case of fresh pursuit, at any place in an adjoining territorial division that is within seven miles of the boundary of the territorial division in which the warrant was issued. This is changed in the bill.

Mr. Knowles: That is what I pointed out.

Mr. Garson: It is to permit arrest, in the case of fresh pursuit, at any place in Canada, in view of the present much speedier means of transportation as compared with what they had in the early days.

Mr. Nowlan: There is one other point I should like to have clarified. It was probably covered in the committee, but I was wondering whether the minister would explain the fact that the subsection of the existing section dealing with arrest on Sundays and on holidays has been dropped. As I understand it there are statutory provisions which the present code recognizes—it is subsection 3 of the section, as a matter of fact—by saying that any arrest may be made on a Sunday or holiday. It says:

> Every warrant authorized by this act may be issued and executed on a Sunday or statutory holiday.

That subsection is dropped from this section. I was wondering whether the dropping of it was owing to judicial decisions?

Mr. Garson: No. It is in another part of the bill. If my hon. friend will look at clause 20, in the earlier part of the bill, he will see it.

Mr. Nowlan: I understand.

Mr. Nesbitt: I have one further question on this clause. The minister mentioned that, as the result of modern transportation facilities, this provision was extended from the seven miles to anywhere in Canada, on fresh pursuit. As to this question of fresh pursuit would the minister care to comment on how far that would go? Would it mean that the constable referred to could have a rest overnight or something of that nature?

Mr. Garson: I should not like to attempt to answer a question of that sort in the abstract. I think the facts of any particular case that arose would have to be examined in order to see whether it could be maintained that these facts constituted fresh pursuit. But I have in my notes, under this subsection, reference to a recent case in which the actual fresh pursuit covered three provinces. It started out in Swan River in northern Manitoba and went to Banff, Alberta, and the pursuit was fresh all the way. I suppose it

might just as well have gone to Vancouver or, if it had started in the other direction, clean to the Atlantic ocean. Under modern conditions that is not at all impossible. If we continued to limit it to the seven miles, under modern conditions it would be quite an anachronism.

Clause agreed to.

On clause 446—*Procedure to procure attendance of a prisoner.*

Mr. Knowles: Although the notes on the righthand page do not suggest that there is anything new in this clause, I believe there is something new in subclause 2. If that is correct, will the minister explain?

Mr. Garson: I wonder if my hon. friend would allow that matter to stand.

The Deputy Chairman: Shall clause 446 stand?

Mr. Garson: Clause 446, subsection 2 stands.

Clauses 447 to 450 inclusive agreed to.

On clause 451—*Powers of justice.*

Mr. Knowles: In clause 451 is there anything that bears on the reference of the question of insanity to a commission? I believe that paragraph (b) down the page a bit is new.

Mr. Garson: Oh, yes; paragraph (b) is new. The only reference there that might possibly come under the royal commission that has been set up would be paragraph (a) which provides that a justice may remand an accused when in his opinion "the accused is mentally ill."

Clause agreed to.

On clause 452—*Corporation.*

Mr. Knowles: Clause 452 is new. It is a brief one and I might read it. It states as follows:

> Where an accused is a corporation, subsections (1) and (2) of section 470 apply, *mutatis mutandis.*

Can the minister explain the effect of this new clause?

Mr. Garson: It is legislation by reference. Section 452 refers to subsections 1 and 2 of section 470. If my hon. friend will turn to page 163 he will find that subsection 1 of section 470 reads as follows:

> An accused that is a corporation shall appear by its counsel or agent.

And subsection 2 reads as follows:

> Where an accused corporation does not appear pursuant to a summons and service of the summons upon the corporation in accordance with subsection (4) of section 441 is proved, the magistrate
>
> (a) may, if the charge is one over which he has absolute jurisdiction, proceed with the trial of the charge in the absence of the accused corporation and
>
> (b) shall, if the charge is not one over which he has absolute jurisdiction, hold a preliminary inquiry in accordance with part XV.

All that section 452 does is make those two subsections of section 470 applicable to preliminary inquiries under this part that is under discussion.

Clause agreed to.

On clause 453—*Taking evidence of witnesses.*

Mr. Lusby: There is one little point on which I should like to ask the minister a question. Is there in the existing code or in the draft any provision whereby a witness who has given his evidence which has been taken down by way of a deposition—that is by the magistrate in writing—is required to sign it if he does not wish to do so?

Mr. Garson: As to the witness himself signing it?

Mr. Lusby: Yes; where the magistrate has taken it down in his own handwriting, not by way of stenographic transcription. It is provided here that he shall cause the deposition to be read to the witness and shall cause the deposition to be signed by the witness. Suppose the witness refuses to sign it. What happens then?

Mr. Garson: I do not think I have ever heard of a witness having refused to sign in a case of that sort.

Mr. Lusby: It seems to me that some years ago I had a case where the witness would not sign it, even though the magistrate offered to make any corrections that the witness said should be made. He just did not wish to sign it. My recollection is that there was no way by which he could be compelled to sign it.

Mr. Garson: I must say I am rather nonplussed to know what the justice would do in those circumstances, but I suppose if the witness absolutely and resolutely refused to sign, the only course open to the justice under such circumstances would be to make and sign a statement himself certifying to the fact that the witness refused to sign it.

Mr. Lusby: I think that was about what was done in the case I was thinking of.

Clause agreed to.

Clauses 454 to 456 inclusive agreed to.

On clause 457—*Witness refusing to be examined.*

Mr. Winch: Is there any protection under this clause for a witness who refuses to give evidence because by so doing he may be implicating himself?

Mr. Garson: No. That comes under another law, the Canada Evidence Act. This is just a straight case of the witness obdurately refusing to testify. There is no change here. This is the existing law.

Clause agreed to.

Clauses 458 to 464 inclusive agreed to.

On clause 465—*Judge of superior court may vary.*

Mr. Knowles: I believe subclause 2 of 465 is new. Would the minister explain the significance of this addition?

Mr. Garson: Subclause 2 reads:

No application shall be made by way of habeas corpus for the purpose of fixing, reviewing or varying bail.

The purpose of this provision to which my hon. friend refers is to provide a simple method for obtaining bail in the certain cases to which it has reference, and it does away with the necessity of applying for habeas corpus. But for this section that would be necessary. The effect of the section is to simplify the obtaining of the bail without the necessity of securing a writ of habeas corpus.

Mr. Knowles: I was confused when I read it, and I am more confused now. The minister says it does away with the necessity, but as my legal counsel to the right are pointing out it does away with the possibility of applying for this under habeas corpus.

Mr. Garson: My hon. friend must read the section as a whole. Is it not perfectly clear?

Mr. Knowles: I did, and I listened to the minister.

Mr. Garson: The hon. member asked me a question on subsection 2 and I gave him an answer to his question. The clause reads from the beginning:

(1) A judge of, or a judge presiding in a superior court of criminal jurisdiction may, upon application—

In this connection there is no writ of habeas corpus or anything like that.

—(a) before an accused is committed for trial,

(i) admit the accused to bail if a justice has no power to grant bail or if bail has been refused by a justice, or

(ii) vary the amount of bail fixed by a justice, or

(b) where an accused is committed for trial, vary an order for bail fixed under subsection 3 of section 463 by a judge of a county or district court or a magistrate.

That is what he may do. Then subsection 2 goes on to provide:

(2) No application shall be made by way of habeas corpus for the purpose of fixing, reviewing or varying bail.

In other words, an accused or his counsel no longer has to go through the form of applying for a writ of habeas corpus before a judge in order to get an order for bail.

Mr. Fulton: Is the effect of this possibly to do away with the second chance which a prisoner might otherwise have had? I do not know, but—

Mr. Garson: That comes under the habeas corpus sections in another part of the code.

Mr. Fulton: Let me put the point. Suppose a person applies for bail or an application is made on his behalf by his counsel and the judge acts without jurisdiction in refusing bail, or there is some error made. Perhaps it is a technical error in the application itself, and bail is refused. Would it then be possible for the applicant to have a second go at it by way of habeas corpus, and is that right now being taken away from him? I am asking a question to which I do not know the answer. Is it possible that a right of appeal or second chance is being taken away?

Mr. Garson: I think what my hon. friend has in mind—I hope he will correct me if I am wrong—is the practice under the existing code whereby an accused may make an application for a writ of habeas corpus to a judge of a superior court, and if turned down may go and make another application to another judge. If he is turned down by him he may make a third or fourth application until he has exhausted the whole bench of judges. Quite seriously, that is within his privilege. That is a different provision altogether from this one we are discussing. We shall come to that in due course. The provision now before us has to do with the fixing of bail without the necessity for an accompanying habeas corpus application.

Mr. Ellis: As a matter of information with respect to the whole process of granting bail, what is the general method by which the amount of bail is set? What I have in mind is that we believe in the principle of equality before the law, and I am wondering whether the minister has considered the fact that an accused in one case may have a certain bail set which to him may not seem a large amount of money, whereas in another similar case the same amount of bail would be almost prohibitive. What powers does a judge have with respect to varying the amount of bail in order to make some provision for the principle of equality before the law?

Mr. Garson: As I understand the practice of applying for and securing a bail order, it is that counsel for the accused would make an application under the clause we are now considering, of course after it is passed. The nature of the offence with which the accused is charged would be disclosed to the court, and the accused's counsel would urge the judge to admit his client to bail of so much. Perhaps crown counsel might agree with that sum. In many cases they do. But if the offence was a particularly serious one crown counsel might oppose the amount suggested by the accused's counsel, and then as between the two contending viewpoints the judge, exercising his judicial discretion in the matter, would have to make up his mind as to what he thought was a fair amount at which to set bail under all the circumstances, one of which could be the accused's financial resources.

Mr. Ellis: That was the point I had in mind.

Clause agreed to.

Progress reported.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, March 10, 1954

The house met at 2.30 p.m.

STANDING ORDERS

Second report of standing committee on standing orders.—Mr. Harrison.

Mr. Speaker: I am informed that the report is a long one and that it is not proposed to move concurrence this day. Shall the assistant clerk dispense with reading of the report?

Some hon. Members: Dispense.

QUESTIONS

H.M.C. DOCKYARD—CIVILIAN EMPLOYEES

Mr. Balcom:

1. How many civilian employees have been taken on strength at or through H.M.C. dockyard for employment in the several naval departments in Halifax and district, since November 1, 1953 to February 1, 1954?
2. What are their names, showing classification and department?

He said: Mr. Speaker, I would ask permission to withdraw this question.

Mr. Speaker: Has the hon. member leave to withdraw this question?

Some hon. Members: Agreed.

Mr. Speaker: Question withdrawn.

NATIONAL DEFENCE—SURPLUS BUILDINGS, LONDON, ONT.

Mr. White (Middlesex East):

1. What national defence buildings have been sold or declared surplus, from January 1, 1952 to December 31, 1952, at Carling Heights, Wolseley barracks, London, Ontario?
2. What national defence buildings have been sold or declared surplus from January 1, 1953 to the present date at Carling Heights, Wolseley barracks, London, Ontario?
3. Upon what dates were the buildings declared surplus or sold?
4. If so, to whom and at what price?
5. How many buildings were sold?
6. What price did each building sell for?
7. To whom was each building sold?
8. Through what government agency were these buildings sold?
9. What is the government's policy with regard to the disposal of such surplus buildings and equipment?

Mr. Dickey:

1. None.

2. (a) Reported surplus—buildings numbered 1, 4, 5, 7, 8 (part only), 9, 12, 13, 14, 15, 20, 21, 27, 29 (part only), 31, 32, 36, 41.

(b) All sold—except building number 20, which was totally destroyed by fire before sale of above mentioned buildings.

3. (a) Reported surplus—October 29, 1953.

(b) Sold—January 13, 1954.

4. (a) Cooper Wrecking Company Limited, Dundas, Ontario.

(b) $6,250, plus undertaking to demolish structures, remove materials and concrete foundations, to restore sites or partial sites.

5. Seventeen.

6. Sale made "en bloc" on account of demolition and restoring restrictions.

7. Answered by No. 4(a).

8. Crown Assets Disposal Corporation.

9. The government's policy for disposing of surplus buildings varies depending upon whether or not the land on which the buildings are located is also declared surplus. If buildings and land are being declared surplus, bids are invited for their purchase. If, on the other hand, the crown wishes to retain the land for other purposes, bids are invited covering the demolition and removal of the surplus buildings, and restoration of the site. This was the policy followed in the case of the national defence buildings at Carling Heights, Wolseley barracks, London, Ontario.

GOVERNMENT ELEVATOR, SASKATOON—SCREENINGS

Mr. Knight:

1. What weight of grain was cleaned at the government elevator at Saskatoon during 1952?
2. What weight of screenings of commercial value was so obtained?
3. How was it disposed of?
4. What was the average price at which such screenings were sold?
5. What was the weight of unsaleable material?
6. How is such material disposed of?

Mr. Dickey:

1. 143,019,432 pounds.

2. 4,636,836 pounds.

3. (a) 3,077,800 pounds were returned to owners.

(b) 1,559,036 pounds were retained by the elevator.

4. (a) No record for screenings returned to owners.

(b) $23.30 per ton sold by elevator.

5. Nil.

6. Answered by No. 5.

Questions

CANADIAN INDUSTRIAL PREPAREDNESS ASSOCIATION

Mr. McCullough (Moose Mountain):

Who are the members of the Canadian industrial preparedness association?

Mr. Dickey: If I may, I should like to answer this question orally. It relates to the Canadian industrial preparedness association. This association is a private organization, and the government is not in a position to provide the names of its members. However, the Department of Defence Production has been advised by the association that its current membership includes 284 firms and 58 individuals.

This organization was formed in 1947 by a group of individuals most of whom had been on loan from industry to the department of munitions and supply during the last war. It received letters patent in November, 1947.

The association directly, and through its individual industry committees advises the department on technical and other matters.

ARMED FORCES—ENLISTMENTS AND DISCHARGES

Mr. Harkness:

What were the number of enlistments and discharges for the Royal Canadian Navy, Royal Canadian Army and the Royal Canadian Air Force for each month during the year 1953?

Mr. Blanchette:

	Navy		Army		R.C.A.F.	
	Enrol.	Releases	Enrol.	Releases	Enrol.	Releases
January 1953. . . .	297	128	1,006	764	1,102	304
February 1953. . .	350	176	908	708	976	319
March 1953. . . .	325	164	827	672	958	403
April 1953.	253	158	624	484	680	320
May 1953.	237	203	508	489	588	430
June 1953.	221	185	509	337	606	440
July 1953.	201	122	520	370	717	361
August 1953. . . .	336	138	507	588	695	447
September 1953. . .	289	138	585	715	862	496
October 1953. . . .	249	141	710	674	866	445
November 1953. . .	302	206	961	513	934	435
December 1953. . .	240	160	1,182	502	803	421
Total.	3,300	1,919	8,847	6,816	9,787	4,821

The present expansion of the Canadian armed forces has been in progress for just over three years and will continue until target strengths have been reached. As the minimum term of enlistment for men in both the army and the air force is three years, fairly substantial numbers of men will continue to become eligible for release. Moreover, as the armed forces approach maximum strength, figures for releases will tend more and more to approximate those for enrolments until enrolments and releases are actually in balance.

ARMED FORCES—OFFICERS COMMISSIONED AND DISCHARGED

Mr. Pearkes:

1. How many officers have been commissioned in the Royal Canadian Navy, active force, during the past year?

2. How many officers have been commissioned in the Canadian army, active force, during the past year?

3. How many officers have been commissioned in the Royal Canadian Air Force, during the past year?

[Mr. Dickey.]

4. How many officers have been discharged, or have been permitted to retire, during the past year from each of the following services: (a) Royal Canadian Navy, active force; (b) Canadian army, active force; (c) Royal Canadian Air Force?

Mr. Blanchette:

The following figures are for the calendar year 1953 and include officer cadets.

1. 348.

2. 515.

3. 1,355.

4. (a) 93; (b) 243; (c) 359*.

*This figure does not include cease training releases as it is not the practice in either the United Kingdom, the United States or Canada to make public cease training figures for aircrew.

CIVIL SERVICE SUPERANNUATION FUND

Mr. Noseworthy:

1. How many contributors to the civil service superannuation fund who left the civil service between 1924 and 1944 with less than ten years service were thereby unable to withdraw their contributions in that fund?

2. What is the approximate total of all such contributions made during the 20-year period 1924 to 1944?

Mr. Benidickson:

1 and 2. The records of the Department of Finance are not maintained in such a manner so that this information can be made available.

RADIO STATION CBAF

Mr. Brooks:

What was the cost of the new radio station CBAF at St. Anselme, near Moncton, New Brunswick?

Mr. McCann:

The estimated cost of this transmitting station is $120,000, and the expenditures to March 8, 1954, amounted to $115,047.22.

PRAIRIE FARM ASSISTANCE AWARDS

Mr. Pommer:

1. What is the total amount of awards granted under the Prairie Farm Assistance Act for the 1953 crop year to February 23, 1954?

2. What is the total number of awards for the same period, by provinces?

Mr. Gardiner:

1. Manitoba, $495,268.50; Saskatchewan, $1,053,858.50; Alberta, $905,023.25.

2. Manitoba, 3,999 awards; Saskatchewan, 5,162 awards; Alberta, 4,863 awards.

BORDEN, P. E. I.—MOUNTED POLICE ACCOMMODATION

Mr. MacLean:

1. Has the government purchased accommodation for the Royal Canadian Mounted Police in Borden, Prince Edward Island?

2. If so, how was the purchase negotiated, from whom was the purchase made, and what was the total cost of the purchase?

Mr. Garson:

1. Yes.

2. The purchase was negotiated through the services of the agent of the Minister of Justice, appointed by him to act on behalf of the Royal Canadian Mounted Police. The purchase is being made from Lloyd E. Inman at a total cost of $25,000.

NATIONAL DEFENCE—RIFLES TESTED

Mr. Churchill:

What rifles or weapons, other than the Belgian FN and the British EM2, have been examined and tested by the Department of National Defence as possible substitutes for the Lee-Enfield?

Mr. Blanchette:

The Department of National Defence has either tested, or has participated in and has full data on, tests of the M1 (Garand) rifle, the T44 and the T47, all of which were designed in the United States of America.

Questions

IRON ORE AND STEEL, CANADA-JAPAN

Mr. Green:

1. What quantity of iron ore was exported to Japan from British Columbia, in each of the months of the years 1952 and 1953?

2. What quantity of steel was imported into Canada from Japan during each of the said months?

Mr. Dickey:

1. Exports are not recorded by province of origin in Canadian trade statistics. The exports of iron ore to Japan through customs ports in the province of British Columbia were as follows:

Month	Tons of 2,000 pounds 1952	1953
January	....	49,398
February	19,803	....
March	30,154	136,214
April	10,416	94,645
May	96,659	88,345
June	85,663	53,597
July	141,505	119,985
August	10,417	88,653
September	143,409	....
October	....	167,721
November	160,708	....
December	95,577	159,488

2. Imports of steel** from Japan were as follows:

Month	Tons of 2,000 pounds 1952	1953
January	1,726	105
February	822	10
March	2,288	430
April	4,688	114
May	7,386	157
June	1,996	174
July	1,549	1,897
August	1,113	33
September	1,057	369
October	782	560
November	440	303
December	450	583

** Includes bars, rods, plates, sheets, strip, and structural shapes.

RUSSIA AND CANADA—DIPLOMATIC REPRESENTATIVES

Mr. Fulton:

1. How many diplomatic representatives and and members of staff does Canada maintain in Russia, including military, etc., attachés?

2. What are the restrictions on their freedom of movement and freedom of access to sources of information in Russia?

Questions

3. How many diplomatic representatives and members of staff does Russia maintain in Canada, including military, etc., attachés?

4. What are the restrictions on their freedom of movement and freedom of access to sources of information in Canada?

Mr. Pinard:

1. Diplomatic representatives: Ambassador; Two foreign service officers; Military attaché; Air attaché.

Administrative staff: Five (four external affairs, one national defence).

Locally engaged staff: Nine.

2. The Canadian embassy is required to notify the Soviet foreign ministry in advance, in writing, of any trip to be taken by a Canadian member of the staff beyond a 40 kilometre radius from Moscow. In addition to this general requirement of notification, there are still substantial areas of the U.S.S.R. which foreigners are not allowed to visit at all. These areas include most border zones of the U.S.S.R., much of the Ural industrial area, the western area of the Ukraine, and some districts in the immediate vicinity of Moscow.

The total out of bounds area, although still large, is very much smaller than it was before June, 1953, when the number of prohibitions was greatly reduced. For example, foreigners may now visit many parts of the central Asian republics of the U.S.S.R. which were prohibited territory before June, 1953.

The Canadian embassy has access to those sources of information which are available to the general public, and the opportunity for discussions with Soviet officials.

3. Fifteen diplomatic representatives and fifteen non-diplomatic members of the staff.

4. The Soviet embassy must notify the Canadian government of any trip more than 75 miles from the city limits of Ottawa to be taken by any Soviet personnel connected with the embassy. This notification must be received by the Department of External Affairs (or the Department of National Defence in the case of trips by service attachés) at least 48 hours before the proposed time of departure from Ottawa. The notification is submitted on a special form calling for full details of the proposed trip.

The Soviet embassy has access to those sources of information which are available to the general public, and the opportunity for discussions with Canadian officials.

CANADIAN ACTIVE ARMY REGIMENTS

Mr. Churchill:

1. What are the infantry regiments of the Canadian active army?

2. When were these regiments originally formed?

3. What are the battle honours of each regiment?

[Mr. Fulton.]

Mr. Blanchette:

1. The following are the infantry regiments of the Canadian army, active force: (a) The Regiment of Canadian Guards; (b) The Royal Canadian Regiment; (c) Princess Patricia's Canadian Light Infantry; (d) Royal 22e Regiment; (e) The Queen's Own Rifles of Canada; (f) The Black Watch (Royal Highland Regiment) of Canada.

2. Their dates of original formation are: (a) October 16, 1953; (b) December 21, 1883; (c) August 10, 1914; (d) October 22, 1914; (e) April 26, 1860.

(The Queen's Own Rifles of Canada provided active service force battalions during the first and second world wars. The 1st and 2nd Canadian rifle battalions were redesignated as 1st Battalion and 2nd Battalion, The Queen's Own Rifles of Canada, respectively, on October 16, 1953 as active force units).

(f) January 1, 1862—

(The Black Watch (Royal Highland Regiment) provided active service force battalions during the first and second world wars. The 1st and 2nd Canadian Highland battalions were redesignated as 1st Battalion and 2nd Battalion, The Black Watch (Royal Highland Regiment) of Canada, respectively, on October 16, 1953 as active force units).

3. Their battle honours are:

(a) The Regiment of Canadian Guards: none; (b) The Royal Canadian Regiment:

"Saskatchewan", "North West Canada 1885", "Paardeberg", "South Africa, 1899-1900", "Mount Sorrel", "Somme, 1916", "Flers Courcelette", "Ancre Heights", "Arras, 1917, 1918", "Vimy, 1917", "Hill 70", "Ypres, 1917", "Passchendaele", "Amiens", "Scarpe, 1918", "Hindenburg Line", "Canal du Nord", "Pursuit to Mons", "France and Flanders, 1915, 1918".

(c) Princess Patricia's Canadian Light Infantry:

"Ypres, 1915, 1917", "Frezenberg", "Bellewaarde", "Mount Sorrel", "Somme, 1916", "Flers Courcelette", "Ancre Heights", "Arras, 1917, 1918", "Vimy, 1917", "Arleux", "Hill 70", "Passchendaele", "Amiens", "Scarpe, 1918", "Hindenburg Line", "Canal du Nord", "Pursuit to Mons", "France and Flanders, 1914-1918".

(d) Royal 22e Regiment:

"Mount Sorrel", "Somme, 1916, 1918", "Flers Courcelette", "Thiepval", "Ancre Heights", "Arras, 1917, 1918", "Vimy, 1917", "Arleux", "Scarpe 1917, 1918", "Hill 70", "Ypres, 1917", 'Passchendaele", "Amiens", "Hindenburg

Line", "Canal du Nord", "Cambrai, 1918", "Pursuit to Mons", "France and Flanders, 1915-1918".

(e) The Queen's Own Rifles of Canada:

"North West Canada, 1885", "South Africa, 1899-1900", "Ypres, 1915-1917", "Gravenstafel", "St. Julien", "Festubert, 1915", "Mount Sorrel", "Somme, 1916", "Pozieres", "Flers Courcelette", "Ancre Heights", "Arras, 1917, 1918", "Vimy, 1917", "Arleux", "Scarpe, 1917, 1918", "Hill 70", "Passchendaele", "Amiens", "Drocourt-Queant", "Hindenburg Line", "Canal du Nord", "Pursuit to Mons", "France and Flanders, 1915-1918".

(f) The Black Watch (Royal Highland Regiment) of Canada:

"South Africa, 1899-1900", "Ypres, 1915, 1917", "Gravenstafel", "St Julien", "Festubert, 1915", "Mount Sorrel", "Somme, 1916", "Pozieres", "Flers Courcelette", "Thiepval", "Ancre Heights", "Ancre, 1916", "Arras, 1917, 1918", "Vimy, 1917", "Arleux", "Scarpe, 1917, 1918", "Hill 70", "Passchendaele", "Amiens", "Drocourt-Queant", "Hindenburg Line", "Canal du Nord", "Pursuit to Mons", "France and Flanders, 1915-1918".

Note:

Battle honours for the second world war have not been granted to date.

GRAIN MARKETINGS BY PRODUCERS

Mr. Diefenbaker:

How many bushels of (a) wheat; (b) oats; (c) barley, were marketed by producers in the prairie provinces through line elevators or through other facilities of the wheat board, in each of the months of June and July and the first nine days of August, in each of the years 1951, 1952 and 1953?

Mr. Dickey: Producers' marketings of grain are compiled on a weekly basis by the board of grain commissioners for Canada. According to the records of the board, and for the periods of time that most closely correspond with the periods referred to in the question, producers marketed the following quantities of wheat, oats and barley:

	Wheat	Oats	Barley
1951		(bushels)	
June 1-June 28	32,826,134	11,635,869	6,449,379
June 29-July 31	30,670,432	10,316,291	6,152,629
Aug. 1-Aug. 9	2,018,886	885,874	589,203
1952			
May 30-June 26	32,995,891	13,722,209	11,204,732
June 27-July 31	39,097,378	18,058,108	14,764,891
Aug. 1-Aug. 7	2,939,427	2,617,880	2,114,511
1953			
May 29-June 25	35,671,901	9,266,922	10,433,640
June 26-July 31	98,132,932	31,352,118	30,290,029
Aug. 1-Aug. 6	5,708,895	3,001,791	2,008,014

RUSSIA AND CANADA—TRADE REPRESENTATIVES

Mr. Fulton:

1. How many trade representatives does Canada maintain in Russia, including Canadian members of staff?

2. What are the restrictions on their freedom of movement and freedom of access to sources of information in Russia?

3. How many trade representatives does Russia maintain in Canada, including Russian members of staff?

4. What are the restrictions on their freedom of movement and freedom of access to sources of information in Canada?

Mr. Pinard:

1. None.

2. Not applicable.

3. None. However, one of the clerical staff members of the Soviet embassy is described as clerk of the commercial counsellor's office, although at present there is no commercial counsellor.

4. Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

R.C.A.F.—NON-MILITARY FLYING

Mr. Green:

1. During 1953, did the Royal Canadian Air Force engage in flying between points other than points on class 1 scheduled routes for any departments of the government except the Department of National Defence?

2. If so, (a) what types of aircraft were employed and how many hours on each type; (b) what departments and how many passengers, pounds of cargo and pounds of mail were carried for each department?

3. During 1953, did the Royal Canadian Air Force engage in any flying within Canada except for the Department of National Defence or other government departments?

4. If so, (a) for whom; (b) what types of aircraft were employed, and how many hours on each type; (c) how many passengers and pounds of cargo were carried in each case?

5. Was any remuneration received for such flying?

6. If so, (a) from whom and how much in each case; (b) what was the rate charged per mile, per nour or per ton mile?

Inquiries of the Ministry

COMMUNIST PUBLICATIONS

Mr. Hansell:

1. Does the government consider there are any publications in Canada which are communist, or follow the communist line?
2. If so, how many are there?
3. What is the name of each, and what is the address of each one published?

ROYAL CANADIAN AIR FORCE

INQUIRY AS TO CHANGE IN WEDGE CAP INSIGNIA

On the orders of the day:

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, some days ago I was asked by the hon. member for Brandon-Souris (Mr. Dinsdale) a question regarding the cap badge in use in certain headgear of the R.C.A.F. I should now like to reply to that question.

There are five designs of cap badge in use in the R.C.A.F.—one for officers of air rank, two for other officers and first-class warrant officers, and two for other personnel.

The cap badges for officers and W.O.1's are a crown, eagle and laurels for use on general service caps and a brass crown and eagle for use on field service—that is, wedge-caps. Subject to minor changes in design and material, these remain the same as they have been since before the second world war.

For other personnel the badge on general service caps continues to be the initials of the R.C.A.F. in the centre of a laurel wreath, surmounted by a small crown. On the field service—that is wedge-cap—and the winter cap the badge is an eagle.

The recent interest in R.C.A.F. cap badges relates solely to the badge on the field service —that is wedge-cap. It may be observed that, in addition to this badge which is an eagle, there are two small brass buttons on the front of this cap which display a crown, an eagle and the letters "R.C.A.F."

The eagle was introduced for use on these two types of caps because the badge with the initials "R.C.A.F." in the laurel wreath was considered too large and too heavy in appearance for use on these caps.

The new badge was differentiated from that of the officers and W.O.1's, as has been the practice in the R.C.A.F. since 1925. Cap badges for officers and men are also different in the R.A.F., R.A.A.F., R.N.Z.A.F., R.C.N. and R.N. The badge in question was introduced by revised dress orders of the R.C.A.F. which were approved on July 7, 1952, on the authority of the chief of air staff, as provided for by paragraph 36.01 of Queen's regulations and orders for the air force. Though the revised dress orders for the R.C.A.F. were adopted in 1952, the badge only came into general use on this type of headgear early in 1953.

There is, of course, nothing in the suggestion that this in any way affects the traditions or sentimental associations of the R.C.A.F.

The eagle is generally in use by the air forces of many nations. All members of the R.C.A.F. wear the crown, the eagle and the initials R.C.A.F. on all buttons on their jackets and caps. All members of the R.C.A.F. wear the word "Canada" on their shoulders.

As has been stated, a particular type of badge was adopted by the R.C.A.F. for use by certain personnel on two out of several types of headgear. The change was made by the chief of staff and the other air members, acting within the authority given to them, and it would appear that they are the people who could be relied on to do nothing which would adversely affect the traditions or sentimental attachment of their own service in which they had spent many years of their lives.

Mr. Ferguson: Can any branch of the services on orders from the head of the particular branch—for example, the chief of the air staff—design and approve of a badge with a crown upon it without the consent of Her Majesty?

Mr. Claxton: No.

Mr. Ferguson: May I ask a supplementary question? When such a badge is approved, can it be discarded without the approval of Her Majesty?

Mr. Claxton: I think the position regarding that is rather obscure, but I believe that could be done. However, that was not done in this case. A new badge was approved in accordance with the authority, which did not have a crown and which did not require the sovereign's consent.

Mr. Ferguson: According to the minister, approval was received for the crown and then the badge was changed.

Mr. Claxton: I never said that.

Mr. Ferguson: I want to ask this question. Was it changed with the approval of Her Majesty?

Mr. Claxton: I did not say this badge was approved by Her Majesty or by the crown. A badge which had been in use in the R.A.F. was adopted by the R.C.A.F. about 1923, and no approval was then considered necessary or was obtained. In addition to that badge,

a new badge without the crown was adopted by the air force in 1952. No approval was necessary.

Mr. Ferguson: The minister apparently misunderstood one of my questions. I asked him if a badge with the crown on it could be used without the approval of Her Majesty. His answer was no, that it could not be used without the approval of Her Majesty. It was a straight question and a straight answer. Having given the answer that the badge could not be used without Her Majesty's authority or that of the reigning sovereign of the country at the time, the minister now says that approval was not received for that badge and it was changed. One of his answers must be wrong. I will ask the question again. Was permission received to use a badge with the crown on it? Was approval received from Her Majesty?

Mr. Claxton: Approval, Mr. Speaker, I would assume was given to the Royal Canadian Air Force for the use of a practically identical badge by the Royal Air Force. When the R.C.A.F. came into existence in 1923 I am informed that with the consent of the Royal Air Force its badge was adopted for use in Canada with the additional insertion of the initial "C". That has remained the situation. In 1928 an order in council was passed requiring the armed forces to secure approval of badges using the crown.

Mr. Dinsdale: Is the bird on the new badge an eagle, an albatross or an "albatreagle"?

Mr. Claxton: Oh, unquestionably an eagle.

Mr. Drew: I think the Minister of National Defence does need to clear up one point. Is it not correct that permission to use any badge with the crown is obtained not from a corresponding branch of the services in the United Kingdom but from the sovereign or representative of the sovereign? Surely the minister is not suggesting that the Royal Canadian Air Force, the Canadian artillery or any other branch of the services obtained permission from a corresponding branch of the services of the United Kingdom.

Mr. Claxton: I think I have already dealt with this matter. Whatever was done in approving a badge was done in 1923. A very careful search has been made of the records, and so far as we on this side of the Atlantic can ascertain the matter was handled in the way I have described. Whether or not that was right is another question, but that is the way it was dealt with.

Mr. Ferguson: Mr. Speaker, there is—

Mr. Speaker: Order. I think I have perhaps given more latitude than I am accustomed to because I hoped that by doing so this subject might be cleared up once and for all. However, it appears that hon. members wish to continue asking supplementary questions requiring long supplementary answers. I am afraid we will get into a position where other members who have questions on other subjects may not have a chance to ask them. I think we have had sufficient questions and answers on this subject, and I would ask the hon. members to let others carry on who have other questions on other subjects.

Mr. Ferguson: May I just say this—

Mr. Speaker: Order. The hon. member for Winnipeg North Centre.

[*Later:*]

On the orders of the day:

Mr. Ferguson: May I direct a question to the Minister of National Defence? Now that a grave mistake has been discovered and the minister is aware of it, in the removal of the cap badge, will the old cap badge be restored?

Mr. Claxton: That is the kind of thing about which an announcement is made if and when it is done.

POST OFFICE

LETTER CARRIERS—CHANGE IN BASIS FOR ANNUAL HOLIDAYS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Postmaster General, supplementary to a question I asked him on the orders of the day on March 1. Have protests now been received from letter carriers' associations against the Post Office Department's order of February 26 altering the long standing practice of the annual holidays of letter carriers being arranged strictly on the basis of seniority? Will this order—I refer to circular order No. 299D—be reviewed in the light of these protests?

Mr. Speaker: It would seem to me this question could be answered if it were put on the order paper. I think it should be.

Mr. Knowles: I believe there is an element of time in this matter because—

Some hon. Members: Oh, oh.

An hon. Member: Sit down.

Mr. Knowles: —when the order was posted in the post offices employees were given a limited length of time in which to apply for the positions involved in this whole question.

I think it is of sufficient urgency to those concerned that the Postmaster General should be permitted to answer the question.

Hon. Alcide Cote (Postmaster General): Mr. Speaker, I just received notice of the question my hon. friend has asked a few seconds ago. We have received some protests. I do not know what has been the result of the consideration given the question in the meetings held in the department with my officials, but I will be glad to look into the matter. I may say immediately to my hon. friend that the whole question has been given careful consideration in the best interests of the carriers' associations as well as the public.

An hon. Member: They do not think so.

EXTERNAL AFFAIRS

RECOGNITION OF RED CHINA—GOVERNMENT POLICY

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs if he is prepared to make a statement today as to the words used by the Prime Minister, to which reference has already been made.

Hon. L. B. Pearson (Secretary of State for External Affairs): The statement to which my hon. friend refers was reported in the press the other day as being made by the Prime Minister in landing in Korea. It was in reply to a question addressed to him by representatives of the press when he landed. There was no text, so there is no formal record of what he said. The press reports of what he said on that occasion differ, and therefore we have been getting in touch with the Prime Minister to ascertain, if possible, the facts about what he said on this occasion.

The Prime Minister has stated that, as accurately as he can recollect, and this corresponds with notes that were taken at the time, the immediate recognition of the communist government of China, as a government which had been committing aggression against the United Nations, was not under consideration. The Prime Minister then went on to state that, however, it was necessary to be realistic in regard to this matter and that no doubt in due course we would have to recognize any government of China which the Chinese people themselves recognized as their government, regardless of whether we liked the government or not. He added that if there was to be any solution to problems in which China was directly involved, and which could not be settled without co-operation from the Chinese government in control of that country, it seemed clear we would have to deal with that government. That, concluded the Prime Minister, was merely common sense and did not mean in any way the acceptance of responsibility for or the giving of endorsation to the actions or views of any particular regime.

Mr. Drew: I would point out—

Some hon. Members: Order, order.

Mr. Ferguson: The crows are back with us again.

Mr. Speaker: Order. I presume the Leader of the Opposition is merely prefacing his question by a few words, and he will not debate the answer of the minister.

Mr. Drew: That is precisely what I am doing. I had just started to say I would point out that the press report by a very reliable reporter chosen by the government used the words, "that we would be bound to recognize the government that the people want." Those words are a travesty of the facts. I think we should know whether words that conveyed that meaning were used.

Some hon. Members: Order, order.

Mr. Pearson: In the first place, Mr. Speaker, the Canadian Press would be interested to know that their representative was a man chosen by the government to accompany the Prime Minister on his trip. He was not chosen by the government, nor did he represent the government. The words to which my hon. friend refers were in another reported statement made by the Prime Minister on arriving at the Philippines, and I am not questioning the accuracy of that particular report. As my hon. friend has stated, it was to the effect that sooner or later we are bound to recognize the government that the people want in China. Of course, Mr. Speaker, we do not know whether the people of China now have the government they want, because it is a communist government and a communist government, or indeed any totalitarian government, does not give the people an opportunity to express their views freely on the form of government they have.

Mr. Coldwell: Nor does Franco in Spain.

Mr. Daniel McIvor (Fort William): Since the Prime Minister will be home on March 17, would it not be wise to allow him to answer this question on that date?

[*Later:*]

Mr. Drew: Mr. Speaker, on a question of privilege and with no desire in any way to extend the debate, may I say that I recognize that one of the comments I made might be

open to misinterpretation. When I spoke of a very reliable reporter chosen by the government I should have used the words, "a very reliable reporter representing the agency chosen by the government".

PRIVILEGE

MR. NESBITT—REFERENCE TO PRESS REPORT OF REMARKS IN DEBATE

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I rise on a question of privilege, Mr. Speaker, concerning remarks made by me on February 25 last, reported on page 2547 of *Hansard* for that date, I am informed that I have been somewhat misquoted by a Canadian Press dispatch which stated I had said there should be a minimum penalty of three months for impaired driving. That was not what I said at all. I would have brought this matter to your attention sooner, but I was not aware of the situation until informed by a letter.

WHEAT

REPORTED SHIPMENT TO SPAIN BY UNITED STATES —ATTITUDE OF WHEAT BOARD

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Minister of Trade and Commerce in connection with a dispatch from the United States to the effect that that government is endeavouring to dispose of some $20 million worth of wheat to Spain by providing funds for defence projects. In addition to that, in order to secure markets the United States government has under consideration the selling of surplus farm products to other countries in return for local currencies. Would the minister be able to say what attitude the Canadian wheat board is taking against this apparently strong competition, and what stand is going to be taken in connection with securing markets for wheat?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I find it difficult to reply to extracts from newspapers. The United States has a billion dollars allocated for the purpose of disposing of surplus products. To date, whenever wheat or barley or any of the staples have been concerned, the United States has communicated with Canada and asked our views before undertaking the disposal operations. I think we have only discussed two projects with them, one for Formosa and another for Yugoslavia. In both cases we took the view a gift of wheat was a proper use of such funds.

We have had no communication from the United States regarding Spain or any other country. I should not say any other country because we are discussing transactions with one or two other countries, but I can say that to date no disposal of wheat agreements have been made by the United States without prior consultation with Canada.

Mr. Diefenbaker: Following up what the minister has said, has there been any consultation by the United States concerning this potential transaction with Spain? Also, will the minister say whether Canada is giving consideration to selling Canadian wheat for local currencies in a manner similar to that suggested in the United States?

Mr. Howe (Port Arthur): I said in my earlier statement, Mr. Speaker, there has been no consultation concerning wheat for Spain. With regard to the second part of the question, the answer is no.

VETERANS AFFAIRS

INQUIRY AS TO ESTABLISHMENT OF COMMITTEE

On the orders of the day:

Mr. G. W. McLeod (Okanagan-Revelstoke): I should like to direct a question to the Minister of Veterans Affairs. Will the minister please indicate how soon he intends to take action on the motion standing on the order paper in connection with setting up the committee on veterans affairs?

Hon. Hugues Lapointe (Minister of Veterans Affairs): The motion has been on the order paper for some time, Mr. Speaker. When I first introduced legislation in the house, I told the house there would be further legislation pertaining to veterans affairs that would be introduced during the course of this session.

I have held the motion on the order paper until this further legislation was brought before the house. It is also my understanding that many of the members who have been chosen by their respective parties to sit on the special committee on veterans affairs are also sitting on the banking and commerce committee, which is very busy these days. I hope that it will be possible to wait until the work of the banking and commerce committee is finished before we begin our work. However, I would think that at an early date we will set up the committee.

DUMPING

POTATOES—ALLEGED SHIPMENTS TO BRITISH COLUMBIA MARKET

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Is the

minister aware that during the past two weeks there have been upward of 150 carloads of potatoes dumped into the British Columbia market, thereby virtually wiping out the grading and price stabilization controls of the British Columbia marketing board?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I received a copy of the hon. member's question since coming to the chamber. The answer is no, that I am not aware of the condition he has stated. However, I shall look into the matter and ascertain the facts.

BUSINESS OF THE HOUSE

EASTER ADJOURNMENT

On the orders of the day:

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, inquiries have been made about the timing of the Easter recess. I wish to advise hon. members that I propose shortly to place a motion before the house suggesting that this year the house stand adjourned from six o'clock p.m. on Wednesday, April 14 next, to 2.30 p.m. on Monday, April 26 next.

As a fair amount of business may yet remain to be dealt with when the house reconvenes after the Easter recess, we have been given to understand that most hon. members, more particularly those whose homes are a considerable distance from Ottawa, would prefer the longer adjournment.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Tuesday, March 9, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose last night we were considering clause 466. Shall the clause carry?

On clause 466—*Interpretation.*

Mr. Fulton: I wonder if the minister would be good enough to say a word to the committee respecting the position of magistrates under this part of the bill. I do not have reference to the problems involved in clauses 467 and 468 which, I understand, are to be allowed to stand, or to any controversy there may be in connection with enlarging the absolute jurisdiction of magistrates. In my inquiry I am referring to the position of magistrates generally, and I have in mind particularly the matter of stipendiary magistrates.

[Mr. Hahn.]

The Chairman: Order. I am sure the minister will be utterly unable to hear what is being said unless hon. members will observe silence.

Mr. Fulton: I have a pretty loud voice but I doubt if it could compete with the conversation going on in the chamber.

I notice that in the definition section of this part there is no reference to stipendiary magistrates. I also note that in many provinces a former practice, under which the remuneration of magistrates was dependent upon the imposition and collection of fines, has been eliminated. I understand however that there are still some jurisdictions in which that practice prevails.

I realize that this is a matter for the determination of the provinces, because they appoint the magistrates. Where the practice has been abolished, it has been done by provincial statute. But as the federal parliament has an interest in the administration of criminal justice, although no responsibility for it, I wonder if the minister would tell us to what extent the practice of remunerating magistrates through the imposition and collection of fines has been eliminated, and what steps are being taken toward the complete elimination of that practice.

Mr. Garson: As my hon. friend has correctly stated, the appointment of magistrates is entirely a provincial function, with which we have to be careful not to interfere. I think we have gone as far as we can go in meeting the point he has now raised, through the definition of "magistrate" as it appears in this part under clause 466 (b). In this clause a magistrate means—

A person appointed under the law of a province, by whatever title he may be designated—

That is, whether it be a stipendiary magistrate, or whatever title he may have.

—who is specially authorized by the terms of his appointment to exercise the jurisdiction conferred upon a magistrate by this part but does not include two or more justices of the peace sitting together.

I think my hon. friend would agree that that is about as far as we can go in our law in directing a province as to the kind of magistrate it should appoint to discharge the jurisdiction under this part. There is a very clear intimation in the clause that he has to be specially authorized, under the terms of his provincial appointment, to exercise the jurisdiction conferred by this part.

Mr. Fulton: I appreciate the effect of the provision, and I am sure it is one everyone welcomes. But would the minister indicate whether there are any conditions, conversations or representations being made, or that

have been held, which might encourage the hope that it will have the effect it is hoped it will have.

Mr. Garson: Mr. Chairman, as my hon. friend is aware, all the provisions in the code now before the committee, which in any way involve provincial jurisdiction, were submitted to and approved by the provinces. By implication, I believe they undertook to appoint persons who would be competent to discharge these responsibilities.

Mr. Fulton: That might be called a leading answer. Then, it will be no longer necessary to make a division between cities of 25,000 population and those having less than 25,000, and towns with 5,000 population, and so on? It will be up to the provinces to appoint magistrates as rapidly as they can, no matter what the population of a city or territory might be, for the purpose of exercising the jurisdiction set out here?

Mr. Garson: That is right. And some provinces have already done this.

Clause agreed to.

On clause 467—*Absolute jurisdiction.*

Mr. Knowles: I realize that while this government has been in power there has been a quite marked degree of inflation. I suppose inevitably that would reflect itself even in the Criminal Code. I still wonder whether it was really expedient to raise the ceiling from $25 as it was before to $50 as it is set out in line 11 on page 162. Would the minister care to comment?

Mr. Garson: I think it is entirely reasonable that that should be done. After all, we are here dealing with a code which applied a limit of $25 for many years past, and I should think that upon a test of purchasing value the draftsmen of this code should have gone much higher than the $50 from the $25 level at which this figure formerly stood.

Mr. Diefenbaker: Will the minister give us an estimate of what would be the proper amount?

Mr. Knowles: What is the significance of the monetary value referred to in this clause?

Mr. Garson: If my hon. friend will look at clause 467 paragraph (a) on page 162 of the bill he will see the answer to that question.

Mr. Fulton: I understood that clauses 467 and 468 were to be allowed to stand in the light of the fact that a number of members have some comments and some criticisms to make on these clauses.

Mr. Garson: I have no objection to their standing, but will my hon. friend give us some clue as to why they are being stood in order that we may be able to deal with his points when he makes them on another occasion. There is really not a great deal of difference between these clauses 467 and 468 in the new code, Bill No. 7, and their counterparts in the present code.

Mr. Diefenbaker: Will the minister say what the difference is?

Mr. Garson: Yes.

Mr. Diefenbaker: That might clear up the trouble.

Mr. Garson: The following are the changes. A magistrate, as has been indicated by the exchange which has just taken place between the hon. member for Kamloops, the hon. member for Winnipeg North Centre and myself, will under Bill No. 7 have jurisdiction in all cases of theft where the value of the property is $50 instead of $25; in obtaining or attempting to obtain by false pretences and receiving or retaining property where the value does not exceed $50 instead of $25; and in all cases of receiving or retaining any property obtained by the commission of an indictable offence, instead of only stolen property.

Another change is that the magistrate is given jurisdiction under this present bill in lottery cases. It was considered warranted that this jurisdiction should be given to him because he now has jurisdiction and will continue to have it over gaming and betting houses, bookmaking and pool selling.

Another change is that the magistrate is given jurisdiction over the offence of cheating at play.

Another change in the opposite direction is that the following offences have been excluded from the absolute jurisdiction of magistrates: Indecent assault of males under 14 years; indecent assault on females.

Another change is that the special provisions relating to punishment have been dropped in cases over which a magistrate exercises absolute jurisdiction. This will remove the anomaly of different sentences being imposed for the same offence.

These are changes brought about by clause 467 and I am a bit nonplussed to know why the request is being made to have the clause stand. It would be helpful if my hon. friend could give me some clue as to what the basis for the request is.

Mr. Fulton: If the minister had asked the question when we had the conference on it

two nights ago I could have indicated it and saved the time of the committee at this time.

Mr. Garson: That is all right, if my hon. friend does not want to state it now.

Mr. Fulton: I will tell him. Obviously it is the fact that it was being doubled with respect to the monetary value of the articles referred to in subparagraph (a) of clause 467. The other enlargements are very seriously questioned by some of our members who have had considerable experience with proceedings in magistrates' courts. Then, technical questions are to be asked under 468 as to the adequacy of the wording, which I need not enlarge upon here.

Mr. Garson: That is all right.

The Chairman: Clauses 467 and 468 stand.

Clauses 469 to 473 inclusive agreed to.

On clause 474—*Duty of judge.*

Mr. Knowles: I believe there has been a change in line 33 of this clause. Formerly the time of the trial was to be as soon as possible; whereas now it is changed to read that the judge shall fix the time and place of the trial of the accused. Can the minister state the effective result of that change?

Mr. Garson: There would not be very much difference in effect at all. I would think that the judge to whom application was made to fix the time of the trial would, as they always do, fix it as soon as possible, taking all circumstances in account.

Clause agreed to.

Clauses 475 to 480 inclusive agreed to.

On clause 481—*Continuance of proceedings when judge or magistrate unable to act.*

Mr. Garson: In line 31 of clause 481 there is a typographical error. "Jurisdiction" is spelled improperly. I would ask my colleague, the Minister of Public Works, to move that it be changed to the correct spelling. Then, in line 47 the word "respect" should be "respects", plural. I would ask my hon. colleague to move that that change be made.

Mr. Winters: I so move, Mr. Chairman.

Amendments agreed to.

Clause as amended agreed to.

Clauses 482 to 485 inclusive agreed to.

On clause 486—*Prosecutor may prefer indictment.*

Mr. Knowles: It has been suggested to me that British Columbia and some other provinces have no grand jury. If that is correct, what happens?

[Mr. Fulton.]

Mr. Garson: If my hon. friend will look at clause 489, at the bottom of the page, he will see that Quebec, Manitoba, Saskatchewan, Alberta, British Columbia, the Yukon Territory and the Northwest Territories do not have the grand jury.

Clause agreed to.

Clauses 487 to 498 inclusive agreed to.

On clause 499—*Count for murder to stand alone.*

Mr. Fulton: May I ask that this clause stand, Mr. Chairman? What I have here is a quite technical legal point, which the minister might dispose of quite rapidly if it were raised, but it seems to me this is not the appropriate time. It will take some time to advance it and it is entirely technical. It might be disposed of very shortly, and I shall try to see the minister between now and the time we come back to it.

Mr. Garson: Agreed.

Clause stands.

Clauses 500 to 507 inclusive agreed to.

On clause 508—*Application, how made.*

Mr. Nesbitt: This clause is a combination of a number of clauses in the present code. It says in part:

—order the trial to be held in a territorial division in the same province other than that in which the offence would otherwise be tried.

In these modern days with the press, radio and that sort of thing, it very often may happen that in a province with a small area, such as Prince Edward Island, a situation may arise similar to that which arose recently in Cornwall where there was a lot of publicity in the magazines and one thing and another in connection with a trial. I refer to Prince Edward Island as being a province with a small area, and that area is shortened even more by the advent of radio, press and modern communications, and it is quite conceivable that if there was a lot of adverse publicity before the trial a person would not be able to receive a fair trial in any part of the territorial jurisdiction.

It is quite different in a large province such as Ontario where the venue could be changed from Toronto to Port Arthur or Fort William, but in a place such as Prince Edward Island or even New Brunswick it would not be possible to change the venue by such a distance that a person would obtain a fairer trial than he would in his own locality. Would the minister care to comment on that?

Mr. Garson: Do I gather from my hon. friend that he is suggesting that the clause

should be amended to provide for a change of venue from one province to another?

Mr. Nesbitt: Yes.

Mr. Garson: I must say that it was not thought by the men who had to do with the preparation of the present bill, some of whom had had long experience in criminal work, that there was any necessity for a change of venue from one province to another. I cannot recall myself any such necessity ever having arisen in a single case. I would think that at least one case should arise where a change of that sort seemed desirable before the existing law should be amended. As I think my hon. friend knows, applications for a change of venue from even one territorial division to another are infrequent. It might be better to let the law stand as it is.

Mr. Nesbitt: I quite realize what the minister has said, that the commission went into this matter very carefully, but it is just possible that this might not have occurred to them. I was just making the suggestion because I know there have been several trials in Ontario which received a great deal of notoriety. While it may not have been felt at the time on behalf of the accused that a change of venue was necessary, there have been cases in Ontario where the venue has been changed from one part of the province to another. I am not familiar of course with Prince Edward Island, and I was using that province as an example of a small territorial division where news would travel around by word of mouth and it would be quite conceivable that the public could get worked up and the accused might conceivably not receive a fair trial in the area. I just suggested that possibly the commission which went into this matter did not examine that one little point. It may not have occurred to them and I think it might be well if the minister took that into consideration.

Mr. Garson: I would be glad to take it under consideration. Perhaps I could write to the attorney general of Prince Edward Island. I think my hon. friend will agree that most of the other provinces are sufficiently large and therefore that question would not arise. So if I may, I shall take the course of writing to the attorney general of Prince Edward Island to get his views upon the matter.

Mr. MacNaught: I did not hear all that the hon. member said but I must go on record as opposing any suggestion that a person does not get a fair trial in Prince Edward Island.

Mr. Nesbitt: On a question of privilege, I can assure my hon. friend that any such implication was far from my mind. I was merely saying that in a small territorial area it would be possible for the public to get worked up. For instance, the whole southern end of Ontario, which is many times the area of Prince Edward Island, was worked up over a case recently tried in Cornwall. I think in that case counsel for the accused could very well have asked the court to ask a change in venue because the public was emotionally disturbed. I made no reference to any personalities in Prince Edward Island, I assure you.

Mr. Diefenbaker: There is no appeal from the discretionary rights or authority exercised by a judge, either on application at the trial or to a judge who could sit in the court in question prior to the trial. Am I right in that regard?

Mr. Garson: I think my hon. friend is right.

Mr. Diefenbaker: I am not going to go into the details of this case in Cornwall, but I use it as an illustration of what I have in mind. In that case a number of articles were published which would lead to the conclusion on the part of any person reading them that the accused was guilty. No application was made prior to the trial for a change of venue or, as far as I remember, at any time at all. I am not criticizing in any way what was done there, but certainly no one could complain about the penalties that were imposed upon those who actually and detrimentally affected the free trial of an individual charged with a capital offence. I have raised this question on a number of occasions and perhaps the minister will allow me to make one reference.

I do feel that the local dealer in that case received a penalty which stigmatizes him. Having regard to the circumstances, I feel that too great an onus was placed on that local dealer. Without having communicated with him either directly or indirectly, I believe that it would be in the interests of dealers across Canada and in the interests of that person if consideration were given by the minister to granting a pardon under the circumstances.

Having said that, and returning once more to the question of venue, I had occasion once to be counsel for the prosecution in a jury case where references were made in the press which were most detrimental to the prosecution. There was no possibility, if the people as a whole followed the suggestions in the press, of a verdict other than not guilty being returned. A change of venue was not granted on the application which, as I remember it, was made before the trial.

Mr. Garson: By the crown counsel?

Mr. Diefenbaker: Yes.

Mr. Garson: Which was my hon. friend?

Mr. Diefenbaker: I had something to do with it. I have always felt that consideration should be given to allowing an appeal from a decision made before trial denying a change of venue. I am not asking that an appeal be allowed to an accused or crown counsel asking for a change of venue at the trial, where they have waited until the last moment. If such an appeal were allowed it would simply be an invitation to an accused who wished to postpone the date of trial to secure a postponement by an indirect method. But I believe that justice would be done if consideration were given by the minister to granting the right of appeal where an application for change of venue is made before a trial.

That appeal could be heard almost immediately. It would assure that no case of injustice would arise because of incidents prejudicial to a fair trial, from the point of view either of the crown or of the accused. Certainly—and again I am making no mention of the case at Cornwall—there is nothing more detrimental to the course of justice than articles with regard to a case written before trial which can only have the effect of poisoning the minds of the jury, however desirous the members of the jury may be to disabuse their minds or to free them from the effect of the articles they have read. Human nature being what it is, and all of us being subject to extraneous influences, there is a necessity for the strictest application of the laws against the publication of injurious matter before trial. But at the same time, in the case to which I have alluded, I feel that the local distributor or dealer should not have imposed upon him the onus of reading everything that comes into his place of business in order to determine whether there is in it anything that might be detrimental to the course of justice. I make this suggestion to the minister and I would think it would be favourably received. This gentleman with a fine reputation, having innocently, as he said, and unwittingly committed an offence and having offered an apology for whatever wrong was inadvertently caused by him, I suggest that consideration should be given by the crown and by the Minister of Justice (Mr. Garson) to a pardon that would remove from him any suggestion of his being a criminal, a stigma that now remains upon him.

Mr. Garson: My hon. friend's suggestion that there might be an appeal from an application for change of venue which has been refused is one that I think possesses distinct merit. I would make a counter-suggestion to my hon. friend, namely that I should send to the commissioners on uniformity of legislation, criminal section, the *Hansard* of today's debate containing my hon. friend's suggestion in order that they might take the matter up at their next meeting. I make that suggestion for this reason. While in the course of enacting criminal law here our primary aim of course is to draft a law which is as just as possible, we must also bear in mind the fact that no law is any better than its enforcement. As far as possible therefore we must pass laws which the provincial authorities, whose responsibility it is to enforce our criminal law, will do so without reluctance and with zeal. On that account, in a matter of this kind, I think it would be the better course to submit my hon. friend's suggestion to the commissioners on uniformity of legislation, criminal section, for their consideration.

With regard to the matter of a pardon which my hon. friend has raised, while I would not wish to contradict or to gainsay any remarks made by him concerning the merits of the order for commitment on contempt which was made by Chief Justice McRuer, I myself would hesitate to put an opinion which I had reached on the basis of a perusal of newspaper accounts against the judgment of the judge who was presiding at the trial. But if any application for such a pardon were made, I am sure that it would be disposed of on its merits in the ordinary course by the Solicitor General of Canada.

Clause agreed to.

Clauses 509 to 522 inclusive agreed to.

On clause 523—*Defence of insanity.*

Mr. Fulton: The subject matter of insanity has been referred to the royal commission. I therefore do not intend to discuss from the point of view of the law the defence of insanity, because the commission is to make recommendations to us in that matter. However, there is a point that has been brought to my attention. I admit that it is not in the old code in this section, but I think it would be appropriate to suggest that the form of oath to be administered to the jury for the trial of an issue of insanity might be included here or that some reference might be made to it. In my limited experience it so happens that in one case with which I was connected this defence was raised and it seemed probable that the trial of the issue would be directed before arraignment. We scratched our heads a little bit as to where we were going to get the form of oath to administer to the jury for the trial of that issue. Would it not be appropriate to have in this section a reference to that special form of oath?

Mr. Garson: My impression is that the departments of the various attorneys general of

the provinces have a form of oath that has been established by practice, and I think it might be better to leave out of the code any references to a form that we might prescribe. The probabilities are that the result of our prescribing a form of oath would mean that the provincial authorities in seven or eight different provinces would have to change the form which they had been using for a long period of time.

Mr. Fulton: I did not appreciate the fact that that is the case. Then the form of oath would be in the possession of the clerks of the various courts?

Mr. Garson: Yes.

Mr. Fulton: Under instruction from the attorneys general?

Mr. Garson: That is right. These forms of oath are probably not exactly the same, and it might mean that some of the provinces would have to make a change.

Clause agreed to.

On clause 524—*Insanity at time of trial.*

Mr. Fulton: There is a small point I wish to make with regard to this clause. I notice that in the section of the present code which this clause replaces, namely section 967, subsection 2 reads as follows:

> If such issue is directed before the accused is given in charge to a jury for trial on the indictment, such issue shall be tried by any twelve jurors, or in the provinces of Saskatchewan or Manitoba by any six jurors—

—whereas in subsection 2 (a) (1) it reads as follows:

> If such issue is directed before the accused is given in charge to a jury for trial on the indictment, such issue shall be tried by any twelve jurors, or in the province of Alberta, by any six jurors.

What is the reason for the change?

Mr. Garson: There is no change. In the present code there is a reference to the six-man jury in Alberta.

Mr. Diefenbaker: In section 541.

Mr. Garson: The only changes which have been made in sections 523, 524 and 525 of this Bill No. 7 are that these clauses have been worded so as to make them applicable to all trials of indictable offences whether with or without a jury.

Mr. Fulton: I apologize to the minister and to the committee. I was looking at my Tremeear and had not consulted the supplement.

Clause agreed to.

Clauses 525 and 526 agreed to.

On clause 527—*Prisoner mentally ill.*

Mr. Nesbitt: I wish to raise a point in connection with the third line of this clause which refers to "a person who is insane, mentally ill, mentally deficient or feeble-minded". I wonder whether the minister would care to comment on why the four words are used there. It has always been my understanding that the terms "insane" and "mentally ill" were synonymous, although "insane" is a more archaic word. I have also assumed that "mentally deficient" and "feeble-minded" are equally synonymous except that "feeble-minded" is also somewhat of an archaic expression.

Mr. Garson: The immediate point my hon. friend makes is correct. Some of this language is a bit archaic, but the problem with which a draftsman is confronted when he is trying to simplify the law is to get rid of as many archaic terms and as much surplusage as he can, without by so doing making inapplicable case law which has been decided on these phrases which he is thinking to discard.

Mr. Knowles: In this case you add a phrase.

Mr. Garson: In this case the language which is used, and which my hon. friend sees here, has been deliberately left there for that purpose. It is a case of two evils and choosing the lesser.

Mr. Nesbitt: I take it from the minister's remarks that the reason the word "insane" is retained is in order to make reference to decisions on the subject in the past.

Mr. Garson: Yes.

Mr. Knowles: This is a small point, but perhaps it might be pointed out that in the old section 970 there were only three phrases, "insane", "mentally ill" or "mentally deficient". In the new clause 527 we have four, "insane", "mentally ill", "mentally deficient" or "feeble-minded". The minister says that he is retaining the wording because of the case law but I submit that he is extending the wording.

Mr. Garson: I said that sometimes archaic phrases are retained in order to retain the case law. I did not say that that fact was a reason why the coverage of the language could not be somewhat extended, as it is extended here, by adding the word "feeble-minded" to the phrase in the present section.

Clause agreed to.

On clause 528—*Appearance by attorney.*

Mr. Knowles: Will the minister comment on any significance there is in the change of

wording here? It is really quite enjoyable to us on this side of the house to hear the minister tell us sometimes that the words in a new clause are good because they represent no change and at other times that they are good because they have been changed. In the old section 916 the reference was to 'attorney". Now the reference is to "counsel or agent". Does that mean that from now on a corporation can be represented by some agent who is not an attorney?

Mr. Garson: Yes, the corporation for the purpose of appearing before the court can be represented by an agent. The clause reads:

Every corporation against which an indictment is found shall appear and plead by counsel or agent.

A corporation, not being a human being, has to appear by a human being. The purpose of this clause is to establish what relationship shall exist between the corporation and the human being who appears for the corporation. That human being may be an agent or counsel.

Mr. Knowles: It is not restricted to an attorney? In other words, it is not restricted to a practising lawyer?

Mr. Garson: If my hon. friend will look at page 2 of the bill he will see the definition of "counsel" in subclause 7 of clause 2. It reads:

"Counsel" means a barrister or solicitor, in respect of the matters or things that barristers and solicitors, respectively, are authorized by the law of the province to do or perform in relation to legal proceedings.

Mr. Knowles: But what is the definition of agent?

Mr. Garson: "Agent" would be an agent in the ordinary sense. But it would not follow, because an agent appears and does that for the accused corporation which an accused human being would do for himself, namely make an appearance and plead, that the agent would also act as counsel in the case. If the agent were wise he would have counsel there acting for the accused corporation.

Clause agreed to.

Clauses 529 to 533 inclusive agreed to.

On clause 534—*Qualification of juror.*

Mr. Barnett: I rise more for the purpose of obtaining information than anything else. Am I correct from a reading of this clause that all laws with reference to qualification as a juror, compelling attendance as a juror and so on are provincial in scope and that there is no place in this legislation where such matters are defined?

[Mr. Knowles.]

Mr. Garson: That is right. Speaking generally, provincial legislation provides the machinery whereby jurymen, as a class of court officials, are made available. Once they have been made available the code states the manner in which they perform their duties in the trial of cases arising under the code.

Mr. Barnett: What about the matter of penalties for non-attendance when an individual has been summoned to attend as a juror?

Mr. Garson: Penalties for the breach of any duty imposed upon jurymen by the code are provided in the code. The penalty for the failure of a citizen to comply with any of the provisions of the provincial statutes relating to jurymen will be the penalty provided by the provincial statute.

Mr. Barnett: I really would like to get this point clear. I have in the back of my mind an incident that occurred a number of years ago. As I understand it, a number of people were summoned as part of a panel of jurors under circumstances which would have forced them to travel over fifty miles at their own expense and to provide their own accommodation at the place. A number of them did not go because they just did not have the money to travel or the money to maintain themselves away from home. Is there a provision in the code under which they would be liable, and under what circumstances would they be liable for non-compliance of that kind? I have not noted any provision, and I thought this clause would be a good place to raise the question.

Mr. Garson: I am afraid I could not possibly express an opinion on the case my hon. friend from Comox-Alberni speaks of without having a full and correct statement of the facts of the case. In addition, it would be necessary to examine the law of the province concerned, relevant to those facts. One cannot give legal opinions when one has neither the facts nor the law. That is the position in which I find myself in relation to the question at the present time. The old section 921 has been held to adopt the provincial laws to the extent that it is necessary for our purposes under the code in order to provide jurymen to try offences under the code. I might cite the case of Rex *v.* O'Rourke, 32 Upper Canada Common Pleas, 388. The citation reads as follows:

Provincial legislation also fixes the number of jurors to be summoned as the panel from which the petit juries are selected.

I think that was the point my hon. friend was making.

What parliament has done, by what is now section 921, is not to delegate to the provinces its powers in this respect, but to adopt provincial laws as its own, and this is clearly within its powers.

Mr. Barnett: In other words, there is no place within the Criminal Code itself which provides that non-compliance with an order of attendance would be an offence. It is purely a matter of a proceeding within the province; is that the conclusion I am to draw?

Mr. Garson: No, the conclusion my hon. friend is to draw is this. Whatever a juryman does which is contrary to law will be an offence against that law to which it is contrary, whether that law be provincial or federal.

Mr. Stick: Is not the jury the law in this case?

Mr. Garson: No, not in the sense the hon. member for Comox-Alberni was referring to it. What he was referring to was the manner in which citizens are called up, and by following certain procedures, are made into jurymen. Then, when these jurymen attend to perform their functions in a court of criminal law, they are still not the law, but are the sole judges of the facts. The presiding judge is the judge on all points of law.

Mr. Stick: The reason I asked that question was that some time ago the grand jury had a contentious case. We did not know what to do with it. We consulted the chief justice, and he gave us an indifferent answer. Then, we consulted one of the other judges of the supreme court, and the reply we got from him was, "Gentlemen, you are the law, and you decide." We decided it.

Mr. Knowles: What does the minister say to that?

Mr. Deschatelets: If a change were contemplated in the qualifications of jurors in order to permit women to sit as jurors, would that be decided by the provincial or the federal government?

Mr. Garson: It would be decided by the provincial government. I might say to my hon. friend from Maisonneuve-Rosemont that in a number of provinces they now have lady jurors.

Mr. Ellis: Do I understand, then, that this parliament has no control over determining the qualifications of jurors who sit on cases covering offences committed in contravention of this code?

Mr. Garson: My hon. friend from Regina City said to me, if I understood him correctly, do I understand that this parliament has not the jurisdiction to determine the qualification of jurors? Answering my hon. friend in the terms of his question, I should say parliament has the jurisdiction to do this. But parliament, I think wisely, has thought it preferable to leave to the provincial legislatures the enactment of legislation to determine those persons whom the provincial authorities regard as qualified to be jurors. In that way varying provincial views upon the subject are met.

Clause agreed to.

Clauses 535 to 540 inclusive agreed to.

On clause 541—*Challenges by accused in Alberta and territories.*

Mr. Diefenbaker: We had a six-man jury in Saskatchewan for a number of years, and found that we wanted to return to the twelve-man jury, because counsel on each side, however the case turned out, felt that the judge was able to exercise a greater degree of control over the jury when there were only six than when there were twelve. Has any request been made at any time by Alberta to return to the twelve-man jury?

Mr. Garson: No, Mr. Chairman; the government of Alberta has not made any such request.

Clause agreed to.

Clause 542 agreed to.

On clause 543—*Challenge by prosecutor.*

Mr. Knowles: This is perhaps a minor point, or a point of language. Can the minister say whether there is any significance in the fact that the words "the crown" have been changed to the words "the prosecutor"? I notice in the code as it now stands the crown, the prosecutor and the prosecution run through the comparable sections.

Mr. Garson: There is not any change in effect. As between the two terms, I believe "the prosecutor", which my hon. friend will see defined in clause 2, subclause 33 of the bill, is the more precise. It is the representative of the crown or the personal prosecutor in the court who actually does the challenging. Perhaps I had better read into the record subclause 33 of clause 2:

"prosecutor" means the attorney general or, where the attorney general does not intervene, means the person who institutes proceedings to which this act applies, and includes counsel acting on behalf of either of them;

Mr. Stick: I notice that the prosecutor is entitled to challenge four jurors. How many is the defence allowed to challenge?

Mr. Garson: In capital cases they may challenge 20, and in lesser indictable offences

12. If my hon. friend will look at the preceding clause, 542—perhaps I had better read that clause into the record:

An accused who is charged with an offence punishable with death is entitled to challenge twenty jurors peremptorily.

(2) An accused who is charged with an offence other than an offence punishable with death, for which he may be sentenced to imprisonment for more than five years, is entitled to challenge twelve jurors peremptorily.

Then, in addition to that, in the case of a capital offence the defence counsel has an unlimited number of challenges for cause.

Mr. Stick: If there is an unlimited number of challenges—what is a panel, 48?

Mr. Garson: The panels may vary from province to province, but it may be somewhere in that neighbourhood.

Mr. Stick: If defence counsel challenges an unlimited number and the panel is exhausted, what happens then? Do you call a new jury panel?

Mr. Garson: No, the first thing that happens is they go out into the courtroom or wherever they can find citizens and call up some additional jurymen in that way. But it is not very often that the jury panel is exhausted in that way; for while defence counsel can challenge any number of jurymen for cause there will not be a large number of jurymen on the panel in relation to whom defence counsel will be able to show cause. For that reason it is most infrequent that a panel is exhausted by challenges for cause.

Mr. Stick: I do not like this idea of going out and bringing in this man or that man to serve unless he has been properly served with a notice. I do not think you should go into the highways and byways to bring them in to serve on this jury. I may have the wrong impression, but if that is done I think it is entirely wrong and they should be served with a proper notice.

Clause agreed to.

Clauses 544 to 556 inclusive agreed to.

On clause 557—*Accused to be present.*

Mr. Knowles: I notice that clause 557 is slightly changed from section 943. As a matter of fact there may be several sections involved. The main change is that formerly the wording was that every accused person "shall be entitled to be present in court during the whole of his trial, unless he misconducts himself by so interrupting proceedings as to render their continuance in his presence impracticable." The words "shall be entitled to be present" have been altered to read "shall be present".

[Mr. Garson.]

Then another change has been made in that, if I understand section 943 correctly, it refers only to individuals, whereas there is a reference in clause 557 which says, "an accused other than a corporation". My question is this. If an accused individual is required to be present during the whole of his trial, why should not a corporation, through the agent or counsel we were speaking about a while ago, also be required to be present?

Mr. Garson: If there were any doubt on the score, perhaps it should be resolved. I am referring now to the second point made by my hon. friend. The intention here was that a corporation should appear to the same extent as an individual accused. But that cannot be stated quite so simply as that; for a corporation makes its appearance by counsel or agent. If it were thought necessary to make such a provision—and I myself do not think it is—it would have to read that—

An accused, other than a corporation, and the agent or counsel of an accused corporation shall be present in court during the whole of the trial.

But I do not think that is really necessary.

Mr. Knowles: Perhaps the minister would let it stand and take a look at it.

Mr. Garson: All right; there is no objection to that.

Clause stands.

On clause 558—*Summing up by prosecutor.*

Mr. Diefenbaker: Mr. Chairman, in what I say I shall refer particularly to subsections 3 and 4. Subsection 4 entitles the attorney general, or counsel acting on behalf of the attorney general, to reply, even though an accused does not offer evidence in his own defence. I know of only one or two cases in which this power has been used by counsel acting on behalf of an attorney general. It is a survival of the English common law, and is based upon the legal fiction of the supremacy of the crown. I am wondering where it has any application today.

Certainly those in the commission who redrafted or reshuffled the sections of the Criminal Code did away with common law offences. I feel that subsection 4 is a survival of the common law and is no longer applicable, having regard to present-day conditions. It was a power exercised by the crown, chiefly in treason and analogous cases. I think it is unfair to the accused. Today under our law the crown and the individual are equal, as a result of the changes brought about two years ago in connection with proceedings in the courts. In view of the fact that today the crown and the citizen are equal I can see

no justification for continuing this principle under which the crown, in our courts, occupies a superior position.

This provision has been in effect throughout the years. As I say, I know of only one or two cases in which it has been used. This was not in my own province but rather, I believe, in Manitoba in the year 1912, at a time when certain prosecutions were taking place in that province in connection with contracting work on the legislative buildings. The crown in that instance demanded the right of reply. I believe, too, the right was exercised in one case in British Columbia. I suggest this right should now be abrogated.

Subsection 5 is a new subsection which states:

> Where two or more accused are tried jointly and witnesses are examined for any of them, all the accused or their respective counsel are required to address the jury before it is addressed by the prosecutor.

I believe this is a necessary change in the law, where there is a joint trial. Otherwise such trial becomes all mixed up, with counsel addressing the jury with respect to one charge, and waiting for other counsel to address the jury on another charge. I believe subsection 5 will go a long way toward meeting the difficulty in those cases in which there are two or more accused. It will remove the anomalous situation that does prevail when there are two accused, one of whom gives evidence on his own behalf and the other who fails to do so.

However, in connection with subsection 4, I would ask the Minister of Justice whether he does not consider the time has come to remove from the criminal law this survival of the old decision that the crown occupied a position superior to the individual, and where the citizen was second to the crown in the courts of the land.

Mr. Garson: This is another case in which, in all candour, I must admit that the point raised by the hon. member for Prince Albert has some merit. It does, however, seem a bit extraordinary that this bill should have been in course of preparation and consideration for some five years now, and that during all this time, in its progress through the commission and through my own department, during its consideration by the commissioners on the uniformity of legislation, criminal division, and by the attorneys general of the provinces, as well as the special committee of the House of Commons and of the other place, this is the first occasion upon which representations to the effect of those just advanced by the hon. member for Prince Albert have been made by anyone.

I agree that this present provision merely continues in effect the substance of section 944, subsection 3 of the present code which has been the law of Canada for a great many years. It has not been necessary on very many occasions to invoke this provision, yet I think it would be wise, before discarding it, to examine those occasions on which it has been invoked to see whether it would not be a good provision to retain to cover these exceptional cases when they arise. I would accordingly suggest that my hon. friend's suggestion might be submitted, like the one he made previously this afternoon, to the commissioners on uniformity, criminal section, for consideration at their next meeting. In that way we would get the views of those who will have some connection with the administration of the amendment proposed by my hon. friend from Prince Albert, if it were passed.

Mr. Diefenbaker: I have no objection to that. What I was trying to do was assure some degree of consistency, for I remember two years ago, when the crown and the citizen were given equal standing in the courts, the Minister of Justice as Attorney General of Canada saying that now we had arrived at a point where no longer does the crown occupy a superior position. It was because of that statement that I raise this point.

Mr. Stick: I am just seeking information, since I am a layman. In most criminal cases the crown opens the case and closes it by means of the crown prosecutor addressing the jury last. I do not understand why the crown prosecutor should have the last word to the jury before the judge sums up the case. Why is the sequence not maintained, so that if the crown prosecutor opens he should address the jury first and counsel for the defence last? Is there any special reason for that? I was always curious about it.

Mr. Garson: The explanation of the point which my hon. friend has raised arises out of the necessities of the trial. Because the accused is innocent until he is proven guilty, the prosecutor opens the case, and he has to adduce evidence to prove the accused's guilt before there is any case for the accused to answer at all. The accused's counsel then puts in his evidence to establish the best defence he can. When the accused's counsel has got all his evidence in, he gets up and explains to the jury what a wonderful defence it is that he has made. Next the crown prosecutor attempts by argument to show that the defence has not answered the crown's case. When, however, defence counsel puts in no evidence it is the crown prosecutor who first has to argue that the crown's case is well proven, and defence counsel then closes the argument.

The question we are now discussing is as to whether in exceptional cases the crown

would have a further right of reply. Now, as I understand it, this reply to which the hon. member for Prince Albert strongly objects will be strictly confined by the judge to the answering of any new points that were brought out in the defence counsel's address. The crown prosecutor would not be permitted to go over his case again; his closing argument would have to be a reply in the strict sense.

Mr. Stick: It has always struck me as unfair. If the accused is innocent until he is proven guilty, then it has always struck me that this procedure gave the crown an advantage in that it had the last word with the jury. I grant you that the judge is there to sum up the case, but I could never understand it from that standpoint.

Mr. Gillis: I have heard some young lawyers make exactly the same criticism, that the crown attorney, who is usually an old, experienced lawyer, will come in and make his case. After all, it is a debate as to who is right or wrong. After he finishes his case the defence lawyer gets up and puts in his evidence. Then the crown attorney has the right of rebuttal. He has the right to get up and tear the defence to pieces and close the case. That is the last impression that is left in the minds of the jury. During that time the defence lawyer sits there. The crown attorney may have left himself wide open, but the defence lawyer is prevented from answering at all. Most young lawyers at least consider it very unfair and say that it places them at a great disadvantage.

Mr. Garson: There is just one footnote that I should add to the remarks made by my hon. friend. The last thing that happens in a case is the judge's charge to the jury. The jury does not retire with the words of counsel ringing in their ears; they retire reflecting upon the words of the presiding judge.

Mr. Diefenbaker: And the court of appeal has the last say.

Mr. Garson: Yes.

Clause agreed to.

Clauses 559 to 561 inclusive agreed to.

On clause 562—*Admissions at trial.*

Mr. Diefenbaker: This section has to do with evidence on trial. I should be very much interested in learning from the Minister of Justice whether or not the commissioners gave consideration to the promulgation under law of rules respecting the admission of so-called confessions on the part of accused persons. Clause 562 says:

Where an accused is on trial for an indictable offence he or his counsel may admit any fact—

That is of course at the trial. As the minister knows, the whole subject of admissibility of confessions is one of the most difficult that the courts have to deal with. All want to see a guilty man punished, but all who confess are not guilty. Everyone in the active practice of law in the courts knows of cases in which the accused for one reason or another have signed very complete and all-embracing confessions. Later on those confessions have been established to have no relationship to the facts. I think of one case in the province of Saskatchewan. Back in 1933 a little girl was murdered at Naicam, in that province. I think the minister knows of the case, because the prosecution of the alleged murderer took place about three years ago; incidentally, he was acquitted. This little girl had been ravished and murdered. A man was picked up in Portage la Prairie, Manitoba, and he made a complete confession in detail. As he was examined by the police officers more and more facts came to his mind. He was finally brought back to Naicam and there he re-enacted the offence.

Some months later, when all hope of his acquittal had disappeared so far as his relatives were concerned, although believing in his innocence, a farmer living some 300 miles from Naicam read of this man's confession of having committed this murder on a certain day. He realized that this was the man who had worked for him throughout the summer, and that he could not have been at Naicam on the date in question. This farmer communicated with the attorney general's department. When the accused was faced with the fact that he could not have committed the offence he still clung stubbornly to his confession, because apparently he had stolen some money from his employer before he left for Manitoba. Under ordinary circumstances that confession would have been admitted, if the circumstances between the time he was committed for trial and the actual trial had not come to light.

I ask the minister whether he does not believe the time has come when there should be a declaration similar to that made in Great Britain in 1911 by a commission of judges relative to the safeguards that must be built up against the possibility of a false confession being made or being exacted, or whether he believes that the present rather

haphazard system, in which the whole question is in a doubtful state, is sufficient to assure justice.

I should like to see him give consideration not to having an amendment made to the Criminal Code but to a declaration by representative judges which could be delivered to officers of the mounted police bringing the law up to date, so that the whole field of confessions would be generally similar in interpretation in every part of this country. I think it would be a worth-while undertaking, and one that would add lustre to the tenure of the Minister of Justice.

Mr. Garson: Mr. Chairman, I do not think that there has been a great demand for the reform to which my hon. friend from Prince Albert refers. I would be inclined to think there are quite a number of judges and counsel who are of the view that our laws of evidence relative to the admissibility of confessions are in good condition as they now stand. I think, moreover, my hon. friend will agree that no amendment to our existing laws of evidence could be devised for practical application to the great majority of cases, which would exclude such a confession as the one he has just described.

Would my hon. friend not agree that the difficulty in connection with this confession which he described arose from the fact that the confessor, quite inexplicably and irrationally but also quite voluntarily, without any inducement being held out to him by persons in authority, made his confession?

Mr. Diefenbaker: Without any illegal inducement.

Mr. Garson: Yes; as I understand my hon. friend's recitation of the facts, without any inducement, but prompted by some irrational impulse of his own he constructed a completely false confession that perhaps would have resulted in his being found guilty of a crime which he did not actually commit. I do suggest to my hon. friend that such a confession is not an example of a defect in our existing laws of evidence with regard to the admissibility of confessions. I suggest further to him that there is no law of general application regarding the admissibility of confessions in criminal trials that the human mind could devise that could exclude the explicit, voluntary false confession to which he referred.

However, that is not to say that my hon. friend's suggestion does not have merit. We are always anxious to consider any improvement in the law that can be made. We never cease to be anxious to do so. I shall be glad to take my hon. friend's suggestion into account. I think he will agree, as he has properly said himself, that the amendment which he suggests would not be to the Criminal Code. If made at all it should probably be made to the Canada Evidence Act.

Mr. Diefenbaker: As a matter of fact I did not intend that it should be an amendment to anything. What I suggested was a declaration similar to that which the judges of the court of king's bench in Great Britain made in 1911. The minister knows that the mounted police often use that declaration as a guide by which to determine the admissibility of confessions, and also to determine the course they should follow in securing admissions of guilt.

I feel that we should not be relying so much on a declaration made in Great Britain in 1911, but that we should have for our police officers a declaration of principles indicative of the course to be followed in order to be sure that confessions shall indeed be admissions of guilt rather than statements containing admissions that are not truthful. That is the reason I make the suggestion.

Mr. Fulton: I do not think that there is much to add to what the hon. member for Prince Albert has said, except to say that I agree with him that it might be worth while to ask the judges of the respective provinces if they could either appoint representatives or perhaps meet together for such a purpose. I recall comments being made on the matter by one of the judges of our own court in British Columbia, who made a suggestion in the course of the trial which received some attention.

This judge had had experience in police court work, as he had been a police court magistrate before his appointment to the supreme court bench. He referred to admissions of guilt given to the police without due distinction being made—what he was saying was applicable to his own court, and another judge might not require the same distinction—as to whether the statement was voluntary or volunteered. He said that in order to satisfy him on its admissibility a statement not only must be voluntary, but it should be volunteered. He said, "I have heard of too many voluntary statements, that is to say where no illegal inducements or promises of advantage were held out, which I know were not volunteered. After all," he said, "if I keep on asking you if you would not care to say such and such, finally you may build up the idea in your mind that it would be a good idea to say such and such

a thing. The statement you make is voluntary, but you certainly have not volunteered it."

There is a distinction to be drawn between the two types of confessions or admissions which I think is of importance, and which has in it elements which should be carefully considered. I think the suggestion made by the hon. member for Prince Albert is a good one.

I should like to make another comment at this stage, and I do so with due respect for the commissioners who have redrafted this code and for the actual draftsmen who put it into legal language. I have not been able to avoid making a mental note, and here I am making an oral note, of the apparent temptation presented to the commissioners to change the wording for the sake of changing it. If you compare this clause with section 978, which it replaces, you will see what I mean. Section 978 reads as follows:

> Any accused person on his trial for any indictable offence, or his counsel or solicitor, may admit any fact alleged against the accused so as to dispense with proof thereof.

Then we find clause 562 reads as follows:

> Where an accused is on trial for an indictable offence he or his counsel may admit any fact alleged against him for the purpose of dispensing with proof thereof.

That is practically the same wording with just two or three words changed, as though the commissioners or the draftsmen had said to themselves, "Well, I can do it better, and I am just going to show that I can by changing a word here or a word there." I cannot see the purpose of such a change. It occurs over and over again. In some cases obviously the change does not alter the meaning of the section in such a way as to raise even a question that the case law might no longer be applicable. But I suggest that in some cases this change for the sake of change has the effect of raising the question whether the case law under the previous section will continue to be applicable. I am not going to repeat that comment. I hope I can resist the temptation to repeat it. But I think it is one that should be made, and this is a place where it seems to me to be particularly appropriate to make it.

There is one change which I think I should ask the minister about. While making the slight changes in wording they have dropped the word "solicitor". Previously it provided that an accused or his counsel or solicitor could make an admission. Now, however, it is to be confined to the accused or his counsel. Is there not possibly some result of that change which goes beyond a mere change of words?

[Mr. Fulton.]

Mr. Garson: No, there is not. If my hon. friend will look at clause 2, subsection 7 of the bill he will see that "counsel" is defined as including solicitor.

Clause agreed to.

Clauses 563 to 565 inclusive agreed to.

On clause 566—*Unsworn evidence of child.*

Mr. Knowles: I wonder whether the minister would make a few comments on clause 566. I note that the reference on the right-hand page tells us that this clause is drawn from section 1003, subsection 2, of the present code. When I look up section 1003 of the present code, which has three subsections, I find that it seems to be related exclusively to offences having to do with carnal knowledge. As I read clause 566 in the new bill, it seems to have a wider import. I have no objection to that. In fact, if that is the case it seems to me that it is all to the good. However, I should like to have the minister's comment on it.

At the same time, when I look back to section 1003 of the present code in order to make this comparison, I find that the preceding section, namely section 1002, deals with certain other offences for which a person cannot be sentenced on the evidence of only one witness. I should like to know whether all the cases referred to in parts (a), (b), (c), (d) and (e) of section 1002 are covered.

I realize that I am introducing two or perhaps three questions here. Clause 566 refers to the unsworn evidence of a child, which has to be corroborated. To me it looks as if that is going farther than section 1003 went. In the other case I am talking about the necessity for corroboration of the evidence of one person in respect of certain specific charges.

Mr. Garson: I think my hon. friend can certainly be forgiven for being a bit confused here. The clause we are considering is the analogue of the present section 1003, subsection 2. Subsection 1 of section 1003 was dropped as being covered by section 16, subsection 1 of the Canada Evidence Act. In view of the difference between section 1003 (2) of the present code, which relates to certain sexual offences, and section 16, subsection 2 of the Canada Evidence Act, which is of general application, this section 1003 (2) was retained as clause 566 of this bill, although it could perhaps be argued that it was not absolutely necessary. If my hon. friend has the Criminal Code volume there, he will find the Canada Evidence Act at the back. He will see section 16, subsection 2 at page 436. If my hon. friend wants section

566 to stand, I have no objection to allowing it to do so. Then he can examine it at his leisure. He will find that it takes quite a bit of checking to reconcile these various provisions.

Mr. Knowles: Before the minister suggests that it stand—in fact that might not be necessary—I wonder if this is the situation. I take it that my statement was correct, namely that subsection 2 of section 1003 was, in the context of section 1003, related only to the offence set out in section 1003. The minister tells me now, however, that the new clause 566 is not really new because it is simply carrying forward what is in the Canada Evidence Act.

Mr. Garson: Oh, no. What I said was that it was carrying forward what is in section 1003, subsection 2, of the existing code.

Mr. Knowles: Section 1003, subsection 2, of the existing code relates to only one offence. It reads as follows:

> No person shall be liable to be convicted of the offence unless the testimony admitted by virtue of this section and given on behalf of the prosecution, is corroborated by some other material evidence in support thereof implicating the accused.

Mr. Garson: Yes.

Mr. Knowles: This section is section 1003, which had to do with carnal knowledge.

Mr. Garson: Yes.

Mr. Knowles: I am pointing out that clause 566 of the new bill is much wider than that. As I said earlier, I have no objection. I just wanted to get that point straight. The new clause 566 says:

> No person shall be convicted of an offence upon the unsworn evidence of a child unless the evidence of the child is corroborated in a material particular by evidence that implicates the accused.

I am suggesting that that is carrying the necessity for the corroboration of a child's evidence much further than was the case with section 1003, subsection 2. I take it the minister now tells me that this is in order to put it in line with the Canada Evidence Act.

Mr. Garson: The purpose of the provision which my hon. friend now sees before him, the one we are discussing in the bill itself, is to eliminate, as related to the analogous sections of the existing code, any overlapping and at the same time bring the provision in Bill No. 7 into harmony with the existing sections of the Canada Evidence Act. If my hon. friend has his Canada Evidence Act before him I would ask him to look at section 16 on page 436 which reads as follows:

> 16. (1) In any legal proceeding where a child of tender years is offered as a witness, and such child does not, in the opinion of the judge, justice or other presiding officer, understand the nature of an oath, the evidence of such child may be received, though not given upon oath, if, in the opinion of the judge, justice or other presiding officer, as the case may be, the child is possessed of sufficient intelligence to justify the reception of the evidence, and understands the duty of speaking the truth.

That is not confined to carnal knowledge but is of general application. If my hon. friend will look at subsection 2 he will see that it reads:

> No case shall be decided upon such evidence alone, and it must be corroborated by some other material evidence.

As I indicated to my hon. friend a few moments ago, in view of this section in the Canada Evidence Act it might perhaps be argued that clause 566 of Bill No. 7 is unnecessary, but it gives one reading the code notice that no person shall be convicted of an offence upon the unsworn evidence of a child unless the evidence of the child is corroborated in a material particular by evidence which implicates the accused.

If my hon. friend wanted to argue that we do not need this provision because of the Canada Evidence Act I would not contest that view too strongly, but it does give a person reading the whole code notice that no person can be convicted upon the uncorroborated evidence of a child.

Mr. Knowles: I think the picture is fairly clear as far as this aspect of the matter is concerned. If I may say so, the confusion arises from the note on the righthand page. Clause 566 of the bill does not really carry forward subsection 2 of section 1003 of the code. It is putting into the Criminal Code what is in section 16, subsections 1 and 2, of the Canada Evidence Act. I see the minister moving his head up and down.

Mr. Garson: Yes, I was moving my head up and down in agreement with my hon. friend. He is quite right.

Mr. Knowles: What about the other question I asked the minister? I confess that it may not be strictly related to this clause, but I will put the blame on the note on the righthand page which made me look at section 1003 (2), whereupon I looked at section 1002 and discovered there were five different charges in connection with which one could not be found guilty on the evidence of only one witness. Can the minister assure us that all those cases are covered somewhere in the new bill?

Mr. Garson: Yes.

Mr. Knowles: Well, I shall take the minister's word for it. I meant that with respect.

Clause agreed to.

Clauses 567 to 569 inclusive agreed to.

On clause 570—*No acquittal unless act or omission not wilful.*

Mr. Knowles: The minister will recall that I raised some questions about infanticide when we were discussing an earlier clause, namely 208. When these clauses are written in double negatives it takes quite a while to sort them out, and this one is not without its double negatives. I ask the minister to bear in mind that under clause 204 infanticide is defined as an offence in connection with which there may be special circumstances. As I read clause 570 it looks to me as though the necessity of proving innocence is on the accused. As I say, double negatives are confusing, but when one reads the clause through one finds at the end that a person may be convicted unless the evidence establishes that the act or omission was not wilful. In other words, it appears that the prosecution does not have to establish that the act was wilful. The defence has to establish that it was not wilful.

I ask the minister to note that special circumstances are suggested in the clause itself, but even after allowance is made for the fact that such a person might not be fully recovered or that the balance of her mind might be disturbed, the clause ends up by saying that she may be convicted unless the evidence establishes that the act or omission was not wilful. If we refer to the note on the righthand page we see that it is just the one word "new". In other words we have a new clause, and it does seem to me to be a case where the burden of proof of innocence is put upon the accused.

As a matter of fact, the marginal note at the left seems to support my analysis of the clause. It says "No acquittal unless act or omission not wilful". What has the minister to say about that?

Mr. Garson: If I have the hon. member's point correctly, it is that the double negative in this clause has the effect of casting upon the accused an onus which she should not have to discharge. Let us examine the language. The clause reads:

> Where a female person is charged with infanticide and the evidence establishes that she caused the death of her child but does not establish that, at the time of the act or omission by which she caused the death of the child,
>
> (a) she was not fully recovered from the effects of giving birth to the child or from the effect of lactation consequent on the birth of the child, and
>
> (b) the balance of her mind was, at that time, disturbed by reason of the effect of giving birth to the child or of the effect of lactation consequent on the birth of the child, she may be convicted unless the evidence establishes that the act or omission was not wilful.

Mr. Knowles: Take it slowly.

Mr. Garson: The problem that is bothering my hon. friend—

Mr. Knowles: And my hon. friend too.

Mr. Garson: Yes, quite right—that is bothering both of us, to which we mutually wish the answer, is assisted in some degree, I think, by the sidenote. It states in language that is more brief, more lucid than the provisions of the section itself that there is no acquittal unless the act or omission is not wilful.

Mr. Knowles: That says the same thing.

Mr. Garson: Does that assist my hon. friend at all?

Mr. Knowles: No. I think it underlines what I was saying. When you read the marginal note and try to resolve the double negative I suggest that "no acquittal" would have to be interpreted as conviction. A conviction will be registered unless the act or omission is not wilful. The more one goes through this the clearer it becomes that the necessity for proving innocence has been placed upon the accused. The only thing that can be said in favour of the clause is a remark made by my good friend and my legal counsel, the hon. member for Digby-Annapolis-Kings. I hope it was not intended to be kept off the record, but perhaps I may take the liberty of quoting him in any event. He says this language is so balled up that no jury would ever understand it anyway. That being the case, there would never be a conviction under it. Seriously, I do not think the minister, the hon. member for Digby-Annapolis-Kings or I want to leave obscure language like that on the statute books.

Mr. Garson: In fairness to those who are responsible for the language of this clause, which should be read in conjunction with clause 204, defining infanticide, it should be said that they are faced with considerable difficulty in most cases of this kind. This difficulty arises from the fact that under a given set of circumstances the question may be whether the accused should be convicted of infanticide or murder, or should be acquitted. Perhaps it might be helpful if I were to read from the judgment by Chief Justice McRuer in a decided case, Rex *v.* Marchello, 1951 Ontario Weekly Notes, 316.

Mr. Knowles: Under what section of the code was this?

Mr. Garson: This was the corresponding section.

Mr. Knowles: But we are told this is a new clause.

Mr. Garson: This case deals with the question whether an accused, under a given set of circumstances, is guilty of murder or infanticide. In that connection I should say that one of the first questions the crown has to decide is whether the charge laid against the lady in the case is a charge of murder or a charge of infanticide. Bearing upon that, the language of Chief Justice McRuer I think is relevant. He said:

> The onus resting on the crown to prove all these combined elements in the crime would appear to be so heavy as to make it almost impossible to convict an accused person on a charge of infanticide if laid as single count in the indictment.

That is to say, if the indictment just had the single charge of infanticide in it.

> On the one hand, the crown must prove a negative—

We get into this difficulty my hon. friend from Winnipeg North Centre was describing.

> —by showing that the accused "had not fully recovered from the effects of giving birth to the child", and an affirmative that by reason of giving birth to the child the balance of her mind was at the time of the offence disturbed—

The crown has to prove that as well.

> —while, on the other hand, on such a charge it would be a good defence to show that the accused had, at the time of causing the death of the child by wilful act or omission, fully recovered from giving birth to the child or that the balance of her mind was not then disturbed. In such case, even if a reasonable doubt was raised in the mind of the jury she would be entitled to be acquitted on the charge of infanticide, and thereafter she could not be charged with murder or manslaughter as an accused person cannot be put in jeopardy twice for the same homicide.

There is a principle in law that if one commits an act, and if a charge is laid in respect of the commission of that act, and the accused is tried on that charge and is acquitted, then no further charge could be laid based upon that act. Under all such circumstances the accused is "home free".

I believe my hon. friend can see from this carefully considered language of Chief Justice McRuer that the subject matter we are discussing here bristles with great difficulties. The problem which arises in every one of these cases from the very beginning is as to whether, upon the set of facts, the charge should be infanticide or murder. Then, as Chief Justice McRuer makes very clear, when you get into the actual case the crown is up against a very difficult position because it has to prove a negative of one proposition and a positive of another in order to secure a conviction for infanticide.

I think my hon. friend can see from this inadequate, and perhaps from his standpoint unsatisfactory discussion of the subject that the drafting of the clause he criticizes is a task of no inconsiderable difficulty.

Mr. Knowles: With great respect, I submit the minister has proved my point. I listened with interest to the case he cited from Chief Justice McRuer, and I think it is fair to say the minister gave that citation to show that the law as it now stands affords considerable protection to the accused. But, Mr. Chairman, this clause that is now before us, clause 570, is a new clause which puts an additional barrier in front of the accused, or conversely makes it easier for the prosecution. My whole point is that this clause 570 is new. When the minister stands up and gives us the case law I think he is making a good case for the proposition that the law should stay as it is. This addition changes the situation, and as I have already said makes it just that much easier for the prosecution to win or just that much more difficult for the accused to be declared innocent.

Mr. Stick: Lately we have seen some interesting newspaper reports stating that changes of sex have taken place. I wonder how Chief Justice McRuer would handle the case if such a person were charged with infanticide.

Mr. Nowlan: Without digressing to the interesting subject which has been raised by my hon. friend to the right, I do not think it is a matter that occurs so frequently that the code has to deal with it at the moment. I think the minister will admit that the saving clause at the bottom of clause 570 is really superfluous, and does not affect the situation in any way. It says:

> . . . she may be convicted unless the evidence establishes that the act or omission was not wilful.

That is elementary, because if it was not wilful it would not be a crime. I do not think that is really of much help to us in analysing what the hon. member for Winnipeg North Centre has elaborated upon. He has presented it much more cogently than I could, so I am not going to repeat what he has said. According to the explanatory note, this is a new section and certainly it is going to shift the burden of this thing so far as the defence is concerned. It is not relieved at all by the last part of the clause, because if it is not wilful it is not a crime; it is not homicide. If a mother rolls over on her baby at night and the baby smothers, that would not be a wilful act and she could not be prosecuted for infanticide.

Frankly I am not too much concerned about it, as I told my hon. friend a little while ago in an aside, because those of us who have had any experience in these matters know how difficult it is to get a jury to convict in a case of infanticide. So often there is sympathy for the mother, and often the mother is unmarried in such cases. Ordinarily the jury will lean over backward to avoid a conviction for this offence, and very often properly so. With this other factor in there, when you charge a jury very learnedly on the law they are going to throw up their hands and say, "I did not know what he was talking about, I do not believe the judge understood it, so I will go out and acquit her".

The Chairman: Is the clause agreed to?

Mr. Knowles: On division.

Clause agreed to.

Clause 571 agreed to.

On clause 572—*Previous conviction.*

Mr. Nowlan: I should like to ask the minister if he would comment briefly. I note that clause 571 is new, and I think it is a good thing to have it in here. To me this new clause represents an advance. Heretofore, when an indictment has gone to a jury, and when a second indictment has set forth in detail that an accused was being charged with a second offence, such accused was obviously prejudiced.

We now come to clause 572 (1). Frankly I do not like this one. Possibly the minister can explain it. We see that it refers to sections 851 and 963, and I do not think it helps at all. The explanatory note goes on to say that section 572 is new, in part. Section 572 (1) says, in effect, that where an accused is convicted of an offence for which a greater punishment may be imposed by reason of previous convictions—that is, when he is convicted of a second offence and has a previous conviction—no greater punishment shall be imposed upon him by reason thereof unless the prosecutor satisfies the court that the accused, before making his plea, was notified that a greater punishment would be sought by reason thereof.

As I read the clause it would seem to open up a dangerous situation. An accused person may have a perfectly good defence to a crime with which he is about to be charged. This accused person has committed a previous offence. If he pleads guilty the crown prosecutor, or the prosecuting officer, can say that he will treat it as a first offence. But then he may say, "If you plead not guilty, we are going to treat it as a second offence."

I think a situation is being created here where, with all due respect for the many competent prosecution officers throughout the country, accused persons are going to be laid open to blackmail. For the life of me I do not know why we should have this clause in there. What good does it do a man, before he is convicted, to be told, "If you are convicted you will get more than you would get if you plead guilty."

As I read the section this is an invitation to police officers to hold a club over a man's head and to say, "Plead guilty, or else. And here is a law which says so. Here is a law which says that the judge can convict you of a second offence, and you will get a lot more. I am warning you that if you plead not guilty to this you are going to get the works." Without the knowledge of the minister, or without the knowledge of a responsible prosecuting officer, I can see that sort of thing happening. I am sure the minister will know instinctively that it will happen. I am wondering just what value the clause might have. The minister may say that the commissioners recommended it, or there may have been a recommendation from somewhere else. I have not gone into the history of it. But when I read it, it does seem to me to give too great opportunity for blackmail, and I suggest the minister should consider it carefully.

Mr. Garson: I am afraid I am in complete disagreement with my hon. friend in what I consider is his misconstruction of the purpose of this clause. Let us suppose that an accused is convicted of a certain offence, and has served his penalty. Then he commits the offence a second time, and is again charged. Let us suppose further that it is one of those offences for which, upon being convicted a second time, he can receive a heavier penalty. Now, once we grant that our prosecutors are blackmailers, which I do not admit—

Mr. Nowlan: I said they were not.

Mr. Garson: The suggestion is that this offers a temptation to them to indulge in blackmail. I suggest that once a man has been convicted of an offence and has committed that same offence a second time, he thereby exposes himself to the possibility of being found guilty a second time and receiving a heavier penalty. I would say that if anyone wants to blackmail him in respect of that situation, all the ingredients of blackmail are there without this clause at all. For, in the terms of my hon. friend's approach to the matter—and I see him nodding his head in assent—all that would be necessary would be for the prosecuting counsel to say to the

accused's counsel, "If your client pleads guilty to this charge we will charge it only as a first offence, and not as a second offence." In those circumstances what my hon. friend calls the act of blackmail would be complete whether or not the clause now under discussion is passed.

Now, I share with my hon. friend the very greatest distaste for any such tactics as that, but it is not this clause that makes such tactics possible. Indeed, the purpose of the clause is the very opposite. If a man has been convicted once of an offence and commits the same offence a second time, for which second offence he can receive a heavier penalty, does it not seem the most elementary justice that someone should let him know before proceeding with the second case, and before he decides to plead either guilty or not guilty, that it is going to be charged as a second offence? And that is just what this clause says.

It seems to me that, instead of being prejudicial to the accused, it is all in his favour. Under this clause he knows what he is up against. On the other hand if he is given no such notice at all and pleads guilty, or does not make an effort to defend himself and is found guilty, and if in those circumstances the crown comes along and says to the court, "Now, this is a second offence and we are going to ask for the increased penalty"—I say in those circumstances my hon. friend would have a right to say that such an accused was being unfairly treated.

The reason for this clause is that it was felt that, where the crown intended to seek higher punishment because of a previous conviction, an accused person should have notice, before pleading either guilty or not guilty, that greater punishment would be sought. This change received the support of the provinces at a joint meeting with the commissioners. The departments of the provincial attorneys general thought this was just a matter of elementary fairness, and that if the crown were making a charge of a second offence an accused should be told before his case was tried, not after.

Mr. Nowlan: In the first place I thought I made it clear, in any suggestion I made with respect to blackmail, that I was not referring to prosecuting officers. I said I did not think any responsible prosecuting officer would indulge in such practice. But I did say that some police officers would, and I say that without any hesitation. It would not arise through the action of any responsible prosecuting officer who was carrying out instructions either of the attorney general or of the minister of justice.

Mr. Garson: May I ask the hon. member a question?

Mr. Nowlan: Yes.

Mr. Garson: Is it the crown prosecutor or the peace officer who decides as to what charge should be laid?

Mr. Nowlan: That is just where the beautiful theory advanced by the Minister of Justice comes in. It does not stand up in practice, because I suggest the police officer knows very well what charge will be laid, although he may not know the technical phrasing of it in all cases. But if he picks up a man who has been convicted before, the police officer may know there has been a former conviction, while the prosecuting officer may not even know that he had been arrested.

What I am objecting to is the fact that you now have it spelled out in black and white right in this Criminal Code, this massive document. Mind you, when I say "a police officer" I am not saying all police officers; but human nature being what it is, it is a fair statement to make that many of these police officers feel that they should get convictions. They probably feel that the man is guilty. They do not want to waste too much time in court. I am sure the Minister of Justice has to admit the logic of that. Although he cannot admit it officially, the minister knows it. I have seen scores and scores and hundreds of cases where police officers have urged, encouraged and sometimes threatened men with what would happen to them if they wasted time fighting the case. "Go and plead guilty, and we shall see that you get off easy".

That is the usual approach. Perhaps I should not say "usual", but it is an all too frequent one; I shall put it that way. Here you have spelled it out in black and white, so that any prisoner who can read can have it pointed out to him. Can you not hear—

Mr. Garson: Not "imposed upon him"; "would be sought".

Mr. Nowlan: I know, "would be sought"; but you know the effect these words would have in a cell at night. The prisoner is not going to get the fine nuances of that phrase which the Minister of Justice can put before us this afternoon in this chamber. The Minister of Justice of course quite properly cannot envisage himself in a cell at half-past two or three o'clock in the morning, because that would not happen to him, but it would happen and does happen to lots of people in this country.

My hon. friend says that in fairness to the accused it should be set forth. After all,

Mr. Chairman, there will be the odd individual, the odd accused, who through poverty and desperation will not have a lawyer to advise him; but in 99 per cent of the cases, in 999 out of 1,000 major crimes or major punishments—and that is the only thing with which we are concerned; we are not concerned with trifling things here—the accused will have retained a lawyer.

I say to you, sir, with all due respect to the superficial—and I am not saying this unkindly—or the apparent logic presented by the Minister of Justice, that it falls down under the harsh realities of the circumstances in which this section will be applied and that it is unnecessary, if you simply anticipate the fact that the accused will have a lawyer. If he cannot afford one, and it is a serious offence, the court will appoint a lawyer for him anyway. It is much better for his lawyer to advise him privately as to his rights and liabilities in making a plea than to have it printed and set forth here in the Criminal Code where I have no doubt, Mr. Chairman, it will be used as I have suggested today.

Clause agreed to.

Clauses 573 to 591 inclusive agreed to.

On clause 592—*Allowance of appeal against conviction.*

Mr. Nesbitt: I should like to say a word on paragraph (d), and I should also like to go back to the remarks the minister made earlier this afternoon. Paragraph (d) says:

—may quash a sentence and order the appellant to be kept in safe custody to await the pleasure of the lieutenant-governor where it is of the opinion that, although the appellant committed the act or made the omission charged against him, he was insane at the time the act was committed or the omission was made—

I wonder whether the minister would comment on whether it might be a good idea to use the same terms throughout the code with respect to mental illness, or insanity, or whatever it is called. I notice that the word "insane" is used further back, and the words "mentally ill" are also used. Then a little later on the word "insane" is used again. I was wondering whether the words "mentally ill" should not be added, because it is a more up-to-date term than "insane". The minister said earlier that the word "insane" should be retained to keep up with previous case law.

Mr. Garson: The decision as to the words that should be used in drafting a given clause of a bill obviously has to be based in part upon the cases or appeals to which it is to apply. And here clause 592 (1) (d) of the bill provides that the court of appeal upon hearing a criminal appeal may, amongst other things:

—quash a sentence and order the appellant to be kept in safe custody to await the pleasure of the lieutenant-governor where it is of the opinion that, although the appellant committed the act or made the omission charged against him, he was insane—

The condition that is being described here is not the kind of condition that my hon. friend has in mind in those other sections that we are dealing with. The insanity which is referred to here is insanity of that degree which constitutes a defence to a charge of criminal responsibility. I think myself that "insane" is the proper term to apply to the appellant in such a case. His is legal insanity.

In any event, this is one of the provisions that will come before the royal commission which is being set up. If the royal commission were to come to the view that there should be some change in this clause, then we can receive and consider its recommendations.

Mr. Nesbitt: One further question in that regard. I take it from the minister's remarks that at the present time he considers the terms "insane" and "mentally ill" are not synonymous.

Mr. Garson: I would think that would all depend upon what meaning was attached to "synonymous". If my hon. friend means that they are precisely synonymous I would say no, I do not think that they are precisely synonymous; but we shall have a better understanding when we get the royal commission's report as to whether the terms "mentally ill" and "insane" could be applied to that degree of insanity which should be recognized as a proper defence to a charge of criminal responsibility.

Mr. Ellis: When the royal commission brings in its reports may it be necessary to go back over some of these sections and make changes in view of the fact that we may get some new definition of the terms "insane" and "mentally ill"? In other words, is it not possible that the commission may give us an entirely different interpretation of the definition of the word "insane"?

Mr. Garson: We have set up this royal commission in order that it may examine insanity as a defence to a charge of criminal liability, and say whether the law relating to that subject should be amended and if so, to what extent and in what manner. In other words, we may expect from the report of the royal commission either an affirmation that the present law is satisfactory and sufficient, or a quite definite recommendation

that the law should be changed; and the respects in which it should be changed will be indicated in the report.

As I have indicated on previous occasions in the discussion on Bill No. 7, we of the government have undertaken that when that report becomes available, we shall implement it if it commends itself to our judgment. If it does not commend itself to our judgment, then if any members of the opposition parties would like to bring in a bill implementing any portion of the report that we of the government might not see fit to implement, we shall expedite the consideration of the legislation which they bring in. In that way the House of Commons will have full opportunity to consider whether any amendment should be made to the criminal law arising out of the report of the royal commission.

Mr. Nesbitt: I do not like to labour this point, but there is just one thing more. In the event of nothing further happening as a result of the report of this commission, and no changes being made, I wonder if the minister would consider putting in the interpretation section of the act a definition of, first, insanity and, second, mental illness, since apparently they are not synonymous. I think it might save a lot of trouble at a later date.

Mr. Garson: If when the report has been received and perused by my hon. friend he finds that it recommends no change and he wants to press this suggestion, we will receive it with the same careful consideration we have always given all suggestions by the opposition.

Clause agreed to.

Clauses 593 to 598 inclusive agreed to.

On clause 599—*Notice of appeal.*

Mr. Garson: I would like to suggest that this section be amended by adding after the word "unless" in the twelfth line the words "before or after the expiration of that period."

Mr. Sinclair: I move accordingly.

Amendment agreed to.

Clause as amended agreed to.

Clauses 600 to 622 inclusive agreed to.

On clause 623—*Fines on corporations.*

Mr. Knowles: Mr. Chairman, perhaps we should stop once in a while so you can write your initials beside the clauses. Clause 623 is rewritten from certain sections of the old code in such a way as to put a limit upon the fine that may be imposed on a corporation where the offence is a summary conviction offence. Under the present section 1035 of the code the fine was in the discretion of the court, whether it was a summary conviction or indictable offence. The two types of offences seem now to have been separated. While it is still in the discretion of the court where it is an indictable offence, a limit of $1,000 has been provided where the offence is on summary conviction. Will the minister state why that limit was imposed. Does he think it is wise?

Mr. Garson: Yes, I think so. It hardly seems reasonable or fair in respect of a summary conviction matter, which may be a relatively trivial offence, the monetary penalty which can be imposed upon a corporation should be more than $1,000. It would not seem to me fair that on a summary conviction charge the judge or magistrate could impose a fine in the discretion of the court in excess of $1,000. That would be out of all proportion. It is only in those cases where a corporation is charged with an indictable offence that there is no limit upon the amount of fine which a court can impose when an accused corporation is found guilty.

Mr. Knowles: Have there been any instances in the past under the code as it now stands where a court has imposed an unreasonable fine on a corporation? It seems to me there have been cases the other way, particularly under the Combines Investigation Act, where some of the fines imposed have been little more than licence fees to carry on, although there may have been some changes made recently with respect to that act.

Mr. Garson: When my hon. friend refers to the fines imposed upon corporations in the combines cases he is illustrating the case in point. The reason the fines were, as he puts it, little more than licence fees was that at that time the limit which the court had jurisdiction to impose was the amount which was imposed. They imposed the largest amount they could.

As my hon. friend will remember, apart from the clause we are considering now we took the limit off the penalties under the combines act and provided that they should be in the discretion of the court. The clause we are considering here is the same sort of provision in respect to indictable offences against corporations under the code. When this bill is passed a corporation convicted of an indictable offence can be fined any amount, without restriction, which the court sees fit.

Mr. Knowles: The point I tried to make before was that under section 1035, subsection 3, of the code as it now stands there was no limit as to the fine to be imposed in respect of either summary conviction or indictable offences. The minister says that in respect of the Combines Investigation Act the limit which was there before has by amendment been taken off. In other words, it has been established that fines imposed in connection with monopolistic practices shall be in the discretion of the court. So far as the Criminal Code is concerned it has been in the discretion of the court until now. Section 1035 of the code reads:

> Any corporation, convicted of an indictable or other offence punishable with imprisonment, may in lieu of the prescribed punishment be fined in the discretion of the court before which it is convicted.

I do not see a limitation anywhere else in section 1035 or section 1035A. As the minister says, since he has been Minister of Justice a change has been made in the Combines Investigation Act moving in the other direction and taking off the limit. I ask again why in this instance a move is made in this direction, namely putting on a limit. The minister says that a matter dealt with on summary conviction may be trifling. He pointed out to me when I complained about the severity of certain sentences that had been imposed on individuals that those were maximum sentences and the court could have imposed a lesser sentence. Surely the same point applies here, except that here we have a maximum of $1,000.

Mr. Garson: I am sure my hon. friend will agree at once that if in relation to summary conviction offences the ceiling of $1,000 was removed, which is what he seems to advocate, it would still be open to the court to impose the most trifling of penalties. The $1,000 is the maximum fine for summary conviction offences. The $1,000 he sees in this clause now is the maximum. The court can impose less than that, and it could impose less than that if there were no limit on the maximum. But the basis for setting a maximum of $1,000 is that this is a proper penalty for a summary conviction offence. The limit for a person under that heading is $500. We believe that a corporation should be charged more, that it should be charged double, but that there should be some limit to it.

Mr. Knowles: May I ask this question. Have there been any instances under the code as it now stands where, for summary conviction offences, fines have been imposed which were thought to be excessive?

Mr. Garson: Which were thought to be . . . ?

[Mr. Garson.]

Mr. Knowles: Which were thought to be excessive; that is, were thought by the minister to be excessive, not by the corporation.

Mr. Garson: I must say, Mr. Chairman, that I do not know of any fines imposed for summary conviction offences upon corporations. None have come to my attention. This present provision I think justifies itself in these terms. As I am sure my hon. friends of the opposition would agree, there is a great difference indeed between summary conviction offences on the one hand and indictable offences upon the other, and there should be a correspondingly wide difference in penalty. There is and there always has been a wide difference in the penalty imposed upon individual citizens for summary conviction offences on the one hand and indictable offences on the other. All that is being done in this clause is to continue that same distinction in the case of penalties upon convicted corporations. When one looks at many of the summary conviction offences he will find that $1,000 is quite a lot of money to pay for them. If there is any offence that is of a really serious character that can be charged as an indictable offence against a corporation, and is so charged, the corporation can be fined without any limit at all.

Mr. Ellis: The minister pointed out that the maximum fine for individuals, I believe, was $500 and for corporations $1,000.

Mr. Garson: Yes.

Mr. Ellis: Does the minister feel that is a fair relationship, having regard to an offence committed by an individual on the one hand and an offence committed by a corporation on the other? Does he feel that twice the maximum would be a fair difference between the maximum fine on an individual and the maximum fine on a corporation?

Mr. Garson: Yes, Mr. Chairman. I certainly think that is a fair basis in respect of summary conviction offences; and it applies only to summary conviction offences. Not only that, but the magistrate or judge who is imposing the fine, in fixing the amount, can take into account the resources of the corporation on the one hand or the resources of the individual upon the other. The only question is as to whether, for a relatively trifling or summary conviction offence, there should be a fine of more than $1,000. This clause affirms that there should not be. The real point under this penalty section, so far as corporations are concerned, is the penalty that should be imposed upon them for serious offences, indictable offences; and as far as that is concerned, there is no limit whatever.

Mr. Knowles: And there was before.

Mr. Ellis: What is the purpose of a fine, Mr. Chairman? The purpose of fining an individual or corporation is in order to impose some measure of punishment for an offence which has been committed, irrespective of the type of offence. The fine levied against a corporation, which might be a multimillion-dollar corporation, if it is set at $1,000, does not constitute any appreciable measure of punishment, no matter what the offence is. What I am trying to get at is the principle behind a fine. For an individual, a maximum of $500 might be something quite serious; but I do not think the minister would suggest that even for a summary conviction a maximum fine of $1,000 is going to make much difference to a large corporation.

Mr. Nesbitt: I have just one further comment to make on this matter of a maximum fine of $1,000. It would seem to me that it is a little bit low, for this reason. In the first place, while the minister said the more serious offences in the code were indictable offences—and I go along with that statement—nevertheless there is in the code one section at least as to which I can certainly envisage a situation arising where a corporation could commit an offence which could be most serious. I refer to clause 163, which states as follows:

> Every one other than a peace officer engaged in the discharge of his duty who has in his possession in a public place or who deposits, throws or injects or causes to be deposited, thrown or injected in, into or near any place,
> (a) an offensive volatile substance . . .

—and so on. Situations arise where large factories—and I am not referring again to the Saskatchewan river—make products which give off extremely volatile substances causing unpleasant odours. There has been complaint about them and nothing is done. They may be fined. I see that clause 163 deals with an offence that is punishable on summary conviction. It is quite possible that a corporation could cause a terrific amount of damage. Some large chemical plant or feed manufacturing plant could cause a great deal of damage and discomfort to a community; and a fine such as $1,000 would be, to use the vernacular, just peanuts.

I was just wondering whether the minister had considered that possibility. It is also a fact that many acts other than the Criminal Code say that if certain offences are committed, they are punishable on summary conviction. I cannot think of an appropriate example at the moment, not having them before me, but there are dozens of other statutes and acts which provide penalties on summary conviction which, when applied to a corporation, might be relatively small but when applied to a person might be very serious indeed. I cite this clause 163 merely as an example of what could happen.

Mr. Fulton: Does the minister not consider that possibly such clauses as 163 might be exempted? Surely it is possible that a corporation might be guilty of a very serious offence under clause 163. As is pointed out, the maximum fine of $1,000 does not seem to be appropriate in that case.

Mr. Garson: The point which has been raised by the hon. member for Oxford is one with a great deal of merit. But I would think that the better way of dealing with it would be to provide in clause 163, "is guilty of an offence punishable on summary conviction or by indictment"—

Mr. Nesbitt: Yes.

Mr. Garson: —leaving it to the prosecutor to decide, upon the facts of the case, whether it was serious enough to proceed by indictment. I do not think it is a wise policy to have a serious offence punishable on summary conviction and then by setting a heavy penalty for that serious offence thereby, on the basis of that one serious offence, establish an exorbitant maximum penalty for all summary conviction offences committed by corporations. If one examines carefully either the present code or this new bill for those summary conviction offences which a corporation can commit, and which are a great deal more limited than those which an individual can commit, I think he will see that, in relation to those offences, the maximum fine of $1,000 is not out of line. It certainly would be out of line with regard to the nuisance although, as I think my hon. friend would agree from his experience as a crown prosecutor, every time that act was committed, it would be a new offence; and $1,000 an offence would run into quite a bit of money.

Mr. Nesbitt: In answer to the remarks of the minister may I say that I had a plant in mind whose name I hesitate to give for various reasons. But I can well envisage a plant producing such a product that only when they were using certain substances, which substances might only be used for a day or so at a time, would something like this be produced. If the plant is sufficiently large it might be well worth paying $1,000 each time that took place. Therefore I think the minister's suggestion of an indictable as well as a summary conviction offence under 163 is excellent.

Mr. Fulton: They might save up all their noxious materials and discharge them once a year.

Clause agreed to.

Clauses 624 and 625 agreed to.

On clause 626—*Fines and penalties go to provincial treasury.*

Mr. Herridge: I should like to ask the minister a question under this section. I think it is the correct one. I was informed by a person I consider to be quite responsible that when the R.C.M.P. lay a charge for an offence involving the operation of sweepstakes, particularly the Irish sweepstakes, the case is heard in Ottawa and the fine or any moneys seized are paid to the city of Ottawa rather than to the municipality in which the offence occurred.

Mr. Knowles: No wonder Ottawa's taxes are going down.

Mr. Garson: I am afraid, in all candour, that I cannot explain that. I would have to make inquiries, find out if that is the case and raise the matter when we next meet.

Mr. Fulton: Is that not under some postal regulation?

Clause agreed to.

Clauses 627 to 629 inclusive agreed to.

On clause 630—*Order for restitution of property.*

Mr. Fulton: I am not very happy about subsection 2 of 630. It reads as follows:

> Where an accused is tried for an indictable offence but is not convicted, and the court finds that an indictable offence has been committed, the court may order that any property obtained by the commission of the offence shall be restored to the person entitled to it, if at the time of the trial the property is before the court . . .

What bothers me here is that an accused may be convicted of an offence for which he is indicted and charged, yet the court may order that property obtained by the commission of some other indictable offence, which it can only imagine has been committed because the accused has not been found guilty of it, be restored to some other person. The section seems to me to be full of difficulties. I think it is a new provision. I have been comparing it with the section noted on the righthand page, section 1050. It seems to me that the relevant part of 1050 is subsection 3 which provides in part:

> . . . if the jury declares, as it may do, or if, in case the offender is tried without a jury, it is proved to the satisfaction of the court or tribunal by whom he is tried, that such property belongs to such prosecutor or witness . . .

—then the property may be restored to such prosecutor or witness. In other words, under section 1050 you have to prove before the court in which the accused is actually tried that the property belongs to a specific person before it may be restored. On the other hand, under clause 630 you do not have to prove that it belongs to anybody. It just depends upon whether the court is of opinion that some offence has been committed, even although the accused has not been convicted of that offence. The court may then order restitution of the property to the person entitled to it. There is no necessity for that degree of proof which is necessary under section 1050.

In view of the fact that under the new clause the accused will have been charged and found not guilty of the offence for which he was charged, I think it opens up too wide and too vague a possibility that incorrect orders may be made with regard to the ownership of property. The mind of the court may somehow or other be prejudiced against the accused, perhaps by his conduct in court or some such thing, and I am sure the minister will agree that there is a very wide possibility there of making unfair orders with regard to property found in the possession of an accused who has nevertheless been found not guilty of the offence with which he was charged.

Mr. Garson: I do not think I can agree with my hon. friend. I do not think we can apply ourselves to the problem of providing a criminal law for Canada upon the assumption that all the courts are incompetent and not fit to exercise discretion. Once that reasonable degree of judgment and wisdom is conceded to the courts, then surely it is not unreasonable, where there has been an indictable offence involving property that belongs, from the clear evidence before the court, to Mr. John Doe, for the court to make an order restoring that property to its rightful owner. Even though the accused, who has taken this property, may get off because the crown cannot prove the case against him beyond a reasonable doubt; yet if the court is satisfied that the property belongs to Mr. John Doe and that he is lawfully entitled to it then the court can, by order at that time in summary manner, give him his property and not leave him in the position where,

when some person has committed an offence in respect of property belonging to him, he is going to be put to considerable legal costs to get his own property back.

Mr. Fulton: I quite agree with the minister that it is not fair that a person unlawfully deprived of property should have to go to unnecessary expense to get it back. We could not be more closely in agreement there. But I do think the wording of subsection 3 of section 1050 is safer than the wording of the new clause. Let us read the whole section. It reads:

> The court or tribunal may also, if it sees fit, award restitution of the property taken from the prosecutor, or any witness for the prosecution, by such offence, although the person indicted is not convicted thereof, if the jury declares, as it may do, or if, in case the offender is tried without a jury, it is proved to the satisfaction of the court or tribunal by whom he is tried, that such property belongs to such prosecutor or witness . . .

There it is very definite and very closely tied down to the person whose property it was. It has to be proved to the satisfaction of the court that such property belongs to such prosecutor or witness. I think that is an excellent provision, and I do not believe any such person should be put to the necessity of bringing a civil action to recover his property. But I think the principle should be preserved in the former words rather than in the new words. Perhaps it is just another case where I quarrel with the draftsmanship. I am sorry, but I cannot help doing it.

Mr. Garson: I am glad to hear my hon. friend say that he agrees with the idea that a man who has already been prejudiced by the fact that his property has been stolen should not be put to the expense of taking civil action to get it back.

Mr. Fulton: There is no question about that.

Mr. Garson: I thought my hon. friend was perhaps questioning the propriety of that idea.

Mr. Fulton: No, not the principle.

Mr. Garson: If my hon. friend agrees with that point, then the only objection he is taking to the clause is that it does not provide a proper means of accomplishing that end.

Mr. Fulton: I question whether it requires the proper degree of proof which it seems to me the old section clearly requires.

Mr. Garson: All right. Let us see the degree of proof it does require. It says:

> Where an accused is tried for an indictable offence but is not convicted, and the court finds that an indictable offence has been committed—

They may have got the wrong man, but the property has been stolen. They are not sure of the man, but they are sure of the property.

> —the court may order that any property obtained by the commission of the offence—

—without identifying any accused with that offence—

> —shall be restored to the person—

To what person?

> —to the person entitled to it—

To whom should it be restored except the person who is entitled to it? How will the court decide whether a man is entitled to it except on the evidence that the owner has brought before them? How could the court decide under the old section as to the proper possession of property except by evidence? And if the owner can show he is entitled to it, then why should he not have an order from the court saying he can take it away without any more formalities or expense?

Clause agreed to.

On clause 631—*Costs to defendant in case of libel.*

Mr. Fulton: I have a question to ask here. I notice that under this clause the accused or the defendant in a prosecution for defamatory libel, if judgment is given for him, may recover his costs. I have no quarrel with that at all, but it raises a question with regard to the right of a prosecutor or informant under certain cases to recover costs by having an order made by the court for the payment of those costs by the accused. This right was given under section 1044 of the code, and I notice on consulting the concordance that section 1044 has been dropped. Would the minister say why it was dropped and why the prosecutor or informant, previously entitled to have an order made for the payment of his costs in certain cases, appears no longer to have that right? I might say I have consulted one of my colleagues who was a member of the house committee last year, and he cannot recall that there was any discussion on that point.

Mr. Garson: In dropping the section the commission considered first the difficulty in arriving at a proper amount without turning

a criminal prosecution into a trial of an issue of damages, second the existence of a civil remedy, and third the duty of citizens to assist in the prosecution of offenders. As the result of such changes, costs in criminal cases will not be awarded, except on summary conviction matters and to a successful defendant in a prosecution for libel.

Mr. Fulton: It seems to me the minister has made an argument just exactly the opposite of the argument he made on the previous section. I fully agree that a person deprived of his property by a criminal offence should be entitled to have it restored to him by the court without being put to the further expense of a civil case. I agree with that. Now the minister is using the reverse argument and stating because of the existence of a civil remedy in many cases, there should be no order in criminal proceedings for the payment of costs to an aggrieved person. The argument does not seem to me to apply, as I pointed out, under section 1044 which, it is true, is for limited cases.

Mr. Garson: Section 1044; what subsection?

Mr. Fulton: I shall read subsection 1:

> Any court by which and any judge under part XVIII, or magistrate under part XVI, by whom judgment is pronounced or recorded, upon the conviction of any person for treason or any indictable offence, in addition to such sentence as may otherwise by law be passed, may condemn such person to the payment of the whole or any part of the costs or expenses incurred in and about the prosecution and conviction for the offence of which he is convicted, if to such court or judge it seems fit so to do.
>
> 2. Such court or judge may include in the amount to be paid such moderate allowance for a loss of time as the court or judge, by affidavits or other inquiry and examination, ascertains to be reasonable.
>
> 2A. Such magistrate may also include in the amount to be paid the fees, for the appropriate items, as mentioned in the tariff set out in section seven hundred and seventy of this act.

Expenses and allowances for loss of time and so on could have been ordered to be paid by convicted persons under section 1044. That right appears to have been discontinued. I bring it up here because the clause now under consideration, 631, gives an accused person in certain cases, where judgment is given for him, a right to his costs. Yet as I point out the right to recover expenses which was previously there for an informant or prosecutor for whom judgment was given or on whose information or prosecution judgment was given is taken away.

[Mr. Garson.]

Mr. Garson: Is this not the distinction that can properly be drawn between the two cases to which my hon. friend referred, namely the act of our not carrying forward clause 1044 allowing costs against the accused in criminal proceedings, on the one hand, and yet allowing the successful defendant in prosecution for defamatory libel to get costs against the prosecutor? I have already stated the commission's reasons for dropping section 1044 of the present code.

I suggest that the distinction between these two cases is this. Where A libels B, B has the choice of two courses of action. One is to take a civil suit for damages against A. The other is to lay an information against A for defamatory libel. If the proceedings which ensue are a civil action the defendant A, if he succeeds, will get costs. If the proceedings are a prosecution for defamatory libel he would not get costs against the unsuccessful plaintiff but for the clause we are discussing. Thus it will be seen that the basis for the present clause is that where a person has been libelled and chooses the method of laying an information for defamatory libel, if he does not succeed in proving his case, he should reimburse the accused for the expense to which this prosecution for defamatory libel has put the accused. I think this is a proper provision.

Mr. Fulton: So do I. I am sorry that I have not made myself clear. I agree with this provision, but why should a successful prosecutor not get his costs as he used to be able to do under section 1044? A successful accused may recover costs under clause 631, but a successful prosecutor may not recover costs because section 1044 has been dropped.

Mr. Knowles: Six o'clock.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue with this bill tomorrow in the hope that we can complete it.

Mr. Knowles: On that point, Mr. Speaker, does the minister mean complete the entire consideration of the code, or complete the first run through it?

Mr. Harris: I was not quite as optimistic as my hon. friend, but if he will co-operate we can do it all in one day.

Mr. Knowles: I think the minister should be more communicative as to what the intention is. There have been some discussions between the Minister of Justice and representatives of parties on this side of the house as to the order in which we might deal with the contentious subjects, and I think we should know what the plan is.

Mr. Fulton: I think the leader of the house is just having his little joke.

Mr. Harris: Sometimes I am prompted to do so by the actions of the hon. member opposite. But, seriously, if it takes until let us say this time tomorrow evening to complete the first run-through, and if hon. members do not choose then to go back and start over again, we would accommodate them by going on with public works. But I would prefer that we go right back and take the sections which are standing over.

Mr. Knowles: Could final settlement of that be left until tomorrow?

Mr. Harris: Yes, certainly.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, March 11, 1954

The house met at 2.30 p.m.

COMBINES INVESTIGATION ACT

REPORT ON ALLEGED COMBINE RESPECTING GASOLINE, VANCOUVER

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I am tabling the report of the restrictive trade practices commission concerning an alleged combine in the distribution and sale of gasoline at retail in the Vancouver area. The usual consideration will be given to what further steps should be taken in this matter.

HOUSE OF COMMONS

APPROVAL OF CIVIL SERVICE COMMISSION REPORT

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, by leave of the house, I move:

That the report of the civil service commission respecting the permanent appointment of certain employees of the House of Commons, laid upon the table on March 9, 1954, be now approved.

Motion agreed to.

PRIVATE BILLS

REFERENCE OF CERTAIN PETITIONS TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petition of Hazel Irene McKay Puttee and of Albert Thornton for bills of divorce, presented on March 9, 1954, together with the report made thereon by the clerk of petitions on March 10, 1954, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

QUESTIONS

FARM LOANS TO MARKET GARDENERS

Mr. Knowles:

1. By provinces, how many market gardeners have received loans from the Canadian farm loan board during each of the past five years?

2. What is (a) the lowest; (b) the highest; (c) the average amount of such loans?

3. What is the total amount involved in such loans?

Mr. Benidickson: I have spoken to the hon. member for Winnipeg North Centre and explained that the record of loans made by the Canadian farm loan board is not classified by type of farm. Accordingly, it would be impossible to answer his question with any exactitude without an examination of more than 8,000 files. I understand it is not his desire that this work be undertaken. I assure him and the house, however, that market gardeners as such are not disqualified for loans under the farm loan act. Under the circumstances I understand that the hon. member is prepared to withdraw his question.

Mr. Knowles: I guess I have to accept that as an answer, Mr. Speaker.

Mr. Speaker: Answered.

FEDERAL HEALTH GRANTS

Mr. Holowach:

1. What amount in grants have been made to each of the provinces of Canada for each of the years 1949 to 1953, in hospital construction, tuberculosis control, cancer control, mental health control, crippled children and other health services?

2. What is the total amount of the above grants during this period?

3. Were agreements made with the provincial governments in this connection?

4. If so, with what provinces and on what basis of contribution?

5. Were any of the above grants given outright and unconditionally?

6. If so, to what provinces and in what amounts?

Mr. Robertson:

1 and 2. See table below.

3 and 4. As a result of the announcement made by the prime minister on May 14, 1948, regarding the national health grants program various orders in council have been passed covering the details of the program.

Copies of these orders in council have been submitted to the provinces and each province has taken advantage of the provisions of the orders in council by submitting projects for financial assistance under the program, on the terms and conditions set down in the orders in council.

5. No. All grants have been made under the terms and conditions laid down in the orders in council.

6. See answer to No. 5 above.

EXPENDITURES UNDER THE NATIONAL HEALTH PROGRAM

By Grant and Province

1949-53

Province	Fiscal Year	Crippled Children	Professional Training	Hospital Construction	Venereal Disease Control	Mental Health	Tuberculosis Control	Public Health Research	Health Survey	General Public Health	Cancer Control
Newfoundland	1949-50	4,820	11,334	202,097	15,944	54,790	150,800	.....	5,262	117,195	45,415
	1950-51	5,849	13,983	272,921	16,255	92,876	147,379	.....	6,984	111,696	54,309
	1951-52	5,320	23,903	148,083	16,234	105,775	196,767	.....	6,855	191,086	41,746
	1952-53	1,696	13,687	228,344	16,286	110,146	201,816	.....	924	210,157	40,730
Prince Edward Island	1949-50	5,000	7,011	36,163	7,356	34,021	42,843	.....	4,740	36,555	10,582
	1950-51	3,191	6,894	87,216	4,961	18,268	43,985	.....	4,004	38,826	9,365
	1951-52	3,294	5,033	55,535	3,614	31,762	49,137	.....	656	77,069	9,306
	1952-53	14	8,533	44,912	2,473	43,197	44,579	.....	2,086	80,129	8,070
Nova Scotia	1949-50	16,635	21,937	125,472	26,913	85,270	172,286	6,649	15,088	140,447	61,158
	1950-51	4,199	21,039	334,489	26,689	95,452	223,822	5,140	10,054	233,460	67,733
	1951-52	19,276	23,538	351,101	26,676	135,590	221,344	7,516	3,000	270,948	45,165
	1952-53	3,718	23,573	467,218	25,920	136,309	253,596	20,699	2,496	280,688	62,755
New Brunswick	1949-50	22,147	21,780	64,813	16,987	34,720	122,425	6,373	13,824	131,657	29,925
	1950-51	22,171	21,353	53,752	16,237	103,846	99,609	6,894	11,168	200,100	82,863
	1951-52	36,976	32,666	276,879	20,029	143,862	273,868	5,832	1,454	224,858	75,865
	1952-53	31,182	24,108	469,179	18,345	157,836	142,884	3,146	.....	212,941	100,949
Quebec	1949-50	12,549	111,634	2,632,243	130,503	699,351	636,078	23,283	25,577	460,800	246,069
	1950-51	46,296	139,423	2,053,292	127,532	992,963	1,378,252	27,684	73,856	679,693	646,083
	1951-52	71,249	140,575	2,050,491	124,977	1,247,977	1,804,566	71,022	39,902	813,777	951,404
	1952-53	115,794	216,450	2,287,271	114,019	1,443,849	1,950,128	123,478	.....	834,997	885,472
Ontario	1949-50	48,070	87,814	2,057,853	157,677	468,031	568,734	78,254	51,858	417,332	174,346
	1950-51	72,448	120,049	2,163,874	150,819	525,269	472,236	151,570	38,641	591,367	206,828
	1951-52	116,968	166,989	3,788,924	146,068	1,075,707	654,547	183,502	16,119	676,656	242,780
	1952-53	134,497	174,474	4,175,486	147,787	1,506,207	781,150	237,855	17,779	860,517	256,329

EXPENDITURES UNDER THE NATIONAL HEALTH PROGRAM

By Grant and Province

1949-53

Province	Fiscal Year	Crippled Children	Professional Training	Hospital Construction	Venereal Disease Control	Mental Health	Tuberculosis Control	Public Health Research	Health Survey	General Public Health	Cancer Control
Manitoba	1949-50	23,377	24,017	356,350	31,315	62,439	94,640	6,518	2,413	106,178	42,111
	1950-51	20,917	26,646	497,196	31,398	90,588	111,180	9,700	21,200	193,609	57,886
	1951-52	21,698	28,281	407,815	31,397	145,917	149,599	10,285	5,338	255,141	78,861
	1952-53	27,726	50,109	490,924	30,506	236,717	213,854	12,758	.....	285,735	137,029
Saskatchewan	1949-50	30,664	30,762	355,699	28,497	187,091	165,588	13,264	19,095	231,851	232,444
	1950-51	28,549	31,589	352,940	32,779	272,142	182,040	16,467	9,207	282,512	228,705
	1951-52	32,803	28,894	297,295	33,132	319,622	194,819	18,925	550	385,529	227,186
	1952-53	32,815	29,997	776,645	29,258	339,275	216,002	25,788	3,150	313,250	214,785
Alberta	1949-50	6,310	29,663	576,695	34,527	131,257	252,001	7,419	19,253	143,395	206,821
	1950-51	13,480	32,077	638,640	34,262	144,115	179,455	12,060	10,342	192,229	227,096
	1951-52	28,056	33,219	711,639	34,844	170,521	220,001	9,246	.....	176,681	231,942
	1952-53	34,516	19,394	1,005,215	34,939	215,164	241,001	.....	719	312,605	242,600
British Columbia	1949-50	17,895	34,746	396,974	43,043	170,732	221,567	7,340	3,565	295,276	86,466
	1950-51	26,403	39,799	443,033	43,231	309,307	328,208	1,719	12,835	384,238	112,238
	1951-52	14,679	38,277	1,078,708	43,218	347,669	280,886	7,217	.....	532,907	137,837
	1952-53	15,990	44,587	598,751	43,599	357,339	239,438	13,381	679	494,354	178,159
Northwest Territories(*a*)	1952-53	178	.....	.....	.....	.....	2,808	.....	.....	1,396	400
Yukon(*a*)	1952-53	.....	.....	.....	74	.....	5,047	.....	.....	5,839	.....
All	1949-50	187,467	380,698	6,804,359	492,762	1,927,702	2,426,962	149,100	160,675	2,080,686	1,135,337
	1950-51	243,503	452,852	6,897,353	484,163	2,644,826	3,166,166	231,234	198,291	2,907,730	1,693,106
	1951-52	350,319	521,375	9,166,470	480,189	3,724,402	4,045,534	313,545	73,874	3,604,652	2,042,092
	1952-53	398,126	604,912	10,543,945	463,206	4,546,039	4,292,303	437,105	27,833	3,892,608	2,127,278

(*a*) Grants commenced in the fiscal year 1952-53.

Questions

COMMUNITY MENTAL HEALTH CLINICS

Mrs. Shipley:

What progress has been made in the establishment of community mental health clinics since the national health grants program was inaugurated?

Mr. Robertson:

In 1948 there were 17 community mental health clinics in Canada. At the end of the first five years of the health grants program there were 77 such clinics most of which were supported wholly or in part by federal health grants funds.

MENTAL HEALTH PERSONNEL

Mrs. Shipley:

How many and what types of mental health personnel have been trained since the national health grants program started?

Mr. Robertson:

Psychiatrists	139
Psychologists	137
Psychiatric nurses	119
Psychiatric social workers	90
Other	54
Total	539

FAMILY ALLOWANCE PAYMENTS, NOVA SCOTIA

Mr. Balcom:

What family allowance payments were paid in Nova Scotia, during the last fiscal or calendar year, whichever is convenient, showing (a) districts, if available; (b) number of families receiving this allowance?

Mr. Robertson:

During the fiscal year 1952-53—$16,309,875.

(a) A breakdown of this amount by districts is not available;

(b) As at March 31, 1953—94,414.

WARM AIR FURNACES—SALES TAX REFUNDS

Mr. Diefenbaker:

1. In view of the decision of the tariff board on January 20, 1954 in the appeal launched by Furnace-Aire Limited, does the Department of National Revenue intend to refund the sales tax paid on warm air furnaces, including fuel burning devices and the necessary control, when sold or shipped by the manufacturer as a complete unit after September 26, 1951?

2. If so, what is the estimate of the department as to the total amount of refund to which manufacturers will be entitled?

3. What is the estimated number of consumers who would be entitled to the refund?

4. What procedure is required on the part of a consumer to secure such refund?

5. What regulations have been made requiring manufacturers to pass on the refund to the consumer?

Mr. McCann:

1. The department has and is still refunding the sales tax paid on fuel burning and other devices forming a component part of a "packaged unit" furnace from September 26, 1951, where applications have been made. Warm air furnaces themselves have been exempted since 1945 and no sales tax was collected on them nor on that portion of the "packaged unit" representing the furnace.

2. No breakdown is kept according to commodities either for sales tax collected or refunds paid, so it is not possible to supply this information.

3. No information.

4. The customer applies to his supplier who in turn applies to the manufacturer or importer who supplied the equipment, the latter in turn makes application to the department for refund.

5. None.

MARGARINE AND BUTTER—IMPORTS AND PRODUCTION

Mr. Pommer:

1. What amount of margarine was imported into Canada in 1953, and what was the value of same?

2. What amount of margarine was manufactured in Canada in 1953, and what was the value of same?

3. What was the butter production in each province in 1953?

Mr. Dickey:

1. Nil.

2. Margarine manufactured in Canada, calendar year 1953, 106,083,000 pounds. Value (estimated), $31,825,000.

3. Creamery butter production, calendar year 1953—

	lbs. (000's omitted)
Prince Edward Island	5,727
Nova Scotia	6,079
New Brunswick	7,988
Quebec	112,179
Ontario	82,622
Manitoba	24,992
Saskatchewan	27,660
Alberta	29,993
British Columbia	5,366
Canada	302,606

SECURITY SCREENING—APPEAL PROCEDURE

Mr. Fulton:

With reference to suggestions for an appeal procedure to be made available to government employees released or transferred on security grounds, as outlined at page 4004 of *Hansard* for 1950, and any other such suggestions, has the government worked out any appeal procedure, public or private, on these or other lines?

Mr. Dickey: The government continually has its security measures under review and the appeal procedure set forth on page 4004 of *Hansard* for 1950, together with other possible measures, has from time to time been considered.

While such appeal procedures would have the appearance of equity and would seem to absolve ministers of some measure of unpleasant responsibility, the impossibility of disclosing to the persons concerned the evidence about them has so far prevented any really satisfactory appeal procedure being devised.

When difficult security cases arise departments may and do consult the security panel for advice on the evidence before making a decision. This consultation in a number of cases provides at an earlier stage the kind of safeguard envisaged by an appeal procedure.

WHALLEY, B.C., POST OFFICE

Mr. Hahn:

1. What annual rental is being paid for the post office at Whalley, British Columbia?
2. What are the dimensions of the building?
3. For how many years has it been leased?
4. Who is the owner of the building?
5. Did the owner of this building receive any payments over and above the rental?
6. If so, in what amount and what are the details of such payment?

Mr. Bourget:

1. $5,964.

2. 140 feet by 36 feet.

3. Since May 1, 1951.

4. Thomas Binnie.

5. Yes.

6. $375 for insulating the ceiling of the postal premises. $350 for installing cupboard, sink, hot water boiler and fixtures.

SECURITY SCREENING—SECRETARY OF STATE

Mr. Fulton:

1. Was the present Secretary of State a member of, or secretary of, or did he have any responsibility to or for, the security panel at any time while he was a civil servant?
2. If so, is he now at liberty to answer officially any questions with relation to the work of the security panel, past or present?

Mr. Dickey:

1 and 2. It is the established and general practice to preserve the anonymity of civil servants serving on interdepartmental committees. It has already been indicated that this panel is made up of senior officers of those government departments and offices most concerned with security matters.

SECURITY SCREENING—SECRETARIAT

Mr. Fulton:

Does the government security panel have a secretariat?

Mr. Dickey: Yes.

UNION STATION, TORONTO, MAIL BOX

Mr. Knowles:

1. Is there a mail box of the size that will take parcels, etc., in or at the Union station, in Toronto?
2. If not, for what reason?
3. Will consideration be given to placing such a parcel post mail box in or at the Toronto Union station?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1. No.

2. No public demand, as complete mailing privileges and postal information available 250 feet east of station.

3. Yes. Parcel box has now been installed experimentally to determine what public use will be made of it.

COAL—PRODUCTION AND SUBSIDIES

Mr. Balcom:

1. How much coal is produced per man, per shift, in (a) Nova Scotia; (b) New Brunswick; (c) Alberta?
2. What subsidies for coal are provided, or what assistance is given each province?
3. What is the average production per man, per shift, in the mines of the United States?

Mr. Prudham:

1. (a) Nova Scotia, 1952, 2·00 net tons; (b) New Brunswick, 1952, 3·04 net tons; (c) Alberta, 1952, 4·79 net tons.

2. Assistance is provided in respect of the Canadian coal mining industry by transportation subventions under regulations established by various orders in council, by loans under the Maritime Coal Production Assistance Act and by payments under the Canadian Coal Equality Act. Details regarding these forms of assistance are given in the annual report of the dominion coal board for the fiscal year 1952-53.

3. U.S. bituminous mines 1951, 7·04 net tons.

QUESTION PASSED AS ORDER FOR RETURN

VEGETABLE OIL IMPORTS

Mr. Pommer:

1. What amount of vegetable oils was imported into Canada in 1953?
2. What was the value of such imports?
3. From what countries did such imports come, and in what amounts from each country?

Mr. Dickey: Return tabled.

INCOME TAX

USE OF RECEIPTS FOR HOSPITAL BILLS BY BRITISH COLUMBIA RESIDENTS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I have a question for the Minister of National Revenue. Will residents of British Columbia

be able to use receipts for hospital bills for income tax purposes now that they are to pay hospital insurance premiums by way of a 2 per cent increase in the provincial retail sales tax plus $1 a day co-insurance charge payable by the individual?

Hon. J. J. McCann (Minister of National Revenue): I am not in a position to give a definite answer until such time as details of the bill are known to the department.

INQUIRY AS TO PROTESTS FROM WESTERN FARMERS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): I should like to direct a question to the Minister of National Revenue. Has the minister or his department received any protests from the farmers of western Canada about the methods employed or the attitudes taken by income tax inspectors? If so, is any action being taken?

Hon. J. J. McCann (Minister of National Revenue): Well, Mr. Speaker, as might naturally be expected, we do receive protests from farmers with reference to the methods and attitudes of income tax inspectors.

I may say that these cases are looked into as they come along, and they are dealt with on their merits.

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM—PROVISION FOR EMPLOYEES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): In the absence of the Minister of Transport I should like to direct a question to his parliamentary assistant. Is the government going through with its plan to transfer the government operated telephone and telegraph system in British Columbia to private companies on April 1? If so, is the minister now able to comment on what provision is being made for those in the employ of the government at the present time?

Mr. L. Langlois (Parliamentary Assistant to the Minister of Transport): The minister is unavoidably absent from the city today on official business. I received a copy of my hon. friend's question only a few minutes before I entered the house, and did not have sufficient time to look into the matter. Therefore I shall take his question as notice.

Mr. Winch: May I just add that the question was filed at 9.30 this morning.

[*Later:*]

Mr. E. D. Fulton (Kamloops): I should like to make a request of the parliamentary assistant to the Minister of Transport, arising out of a question asked by the member for Vancouver East and the answer given. When the parliamentary assistant brings the matter to the attention of the Minister of Transport would he ask him at the same time to please make a full report on the present state of negotiations between the government and the private concerns, particularly the telephone company, with regard to the sale of the government-owned assets and the measures being taken to protect the employees of the government concerned.

Mr. Winch: I should like to ask a supplementary question of the parliamentary assistant. Will he ask the Minister of Transport to table in this house a copy of the survey report which the minister told us several weeks ago was being made by the British Columbia Telephone Company and the Canadian National Telegraphs into the matter of taking over the government-operated system in British Columbia?

Mr. Langlois (Gaspe): May I take that as notice, also?

TEXTILES

CLOSING OF PLANTS—INQUIRY AS TO GOVERNMENT MEASURES

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to direct a question to the Minister of National Revenue. In view of the statement made by the minister on March 9 to a delegation from the textile workers' union of America to the effect that the Canadian textile industry is overexpanded, may I ask if the government is prepared to take any measures to deal with a situation under which so many textile plants are closing and others are operating on short time?

Hon. J. J. McCann (Minister of National Revenue): The government has already taken such measures as it deems fit up to the present time to deal with the situation, and the matter is continuously under consideration.

Mr. Fleming: May I ask the minister if it is the intention of the government to take any steps toward the reduction of the sales tax on textile products with a view to assisting this industry in its difficulties and the workers employed in that industry?

Mr. McCann: This is a matter of government policy, and I have no doubt any changes that are made will be announced by the Minister of Finance when he brings down his budget.

GRAIN

WHEAT AND BARLEY—PROPOSED GIFT BY UNITED STATES TO JAPAN

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to direct a question to the Minister of Trade and Commerce supplementary to my question of Monday last. Can the minister say what quantity of grain is involved in the current negotiations with Japan? What assurances have been given that would safeguard our Japanese market for the next two years?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, it has been well established that questions are not answered having to do with sales of wheat and negotiations for sales of wheat in the current crop year. Therefore I cannot answer the question.

Mr. Argue: I should like to ask the minister a supplementary question. Have any representations or any protests been made to the United States government with regard to the circumstances of the gift of 500,000 tons of wheat to Japan?

Mr. Howe (Port Arthur): In the first place, Mr. Speaker, I am not aware that it is intended to give 500,000 tons of wheat to Japan. In the second place, that would seem to be the business of the United States government regarding which that government would not welcome protests from other countries.

EXTERNAL AFFAIRS

REQUEST FOR DEBATE BEFORE REFERENCE OF ESTIMATES TO COMMITTEE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Secretary of State for External Affairs. Would he, on behalf of the government, give consideration to having a debate on external affairs before having the estimates submitted to a committee of the house? Would he also say when it is expected that the house committee will begin to consider those estimates?

Hon. L. B. Pearson (Secretary of State for External Affairs): As the house knows, we have already had an opportunity to discuss external affairs. However, shortly after we get into supply on external affairs it is my intention to move that the estimates be referred to the committee and that will, as usual, provide an opportunity for debate.

Mr. Diefenbaker: Can the minister give any indication when that might be expected, so plans can be made accordingly?

Mr. Pearson: I hope it will be shortly, but that depends on the progress made in the house on other business.

INQUIRY AS TO REASON FOR PRIME MINISTER NOT VISITING FORMOSA

On the orders of the day:

Mr. J. H. Blackmore (Lethbridge): I desire to ask a question of the government, through the minister of external affairs, notice of which I have not sent him. Was it the result of accident or deliberate planning that our Prime Minister's itinerary did not include vitally strategic Formosa and Canada's loyal world war II ally, Chiang Kai-shek?

Hon. L. B. Pearson (Secretary of State for External Affairs): No political significance of any kind should be read into the fact that the Prime Minister was not able to visit Formosa on this tour.

ARMED FORCES

CANADIAN ACTIVE ARMY REGIMENTS—QUESTION OF SENIORITY

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): May I direct a question to the Minister of National Defence with reference to a question answered yesterday. Are the regiments of the Canadian active army forces shown on page 2844 of *Hansard* for March 10, 1954, listed in order of precedence or seniority?

Hon. Brooke Claxton (Minister of National Defence): I have neither the list of units as I gave them yesterday nor the order of precedence. This is not a particularly urgent matter, so I could look it up and write the hon. member.

Mr. Churchill: May I ask a supplementary question of the minister. I refer the minister to the question he answered yesterday. The answer to that question showed the most recently formed regiment in the Canadian active army, the Regiment of Canadian Guards—

Some hon. Members: Order. Question.

Mr. Churchill: —as being first in seniority.

Mr. Speaker: The hon. member will come to his question.

Mr. Churchill: I have just asked it.

Mr. Claxton: I never heard a thing, Mr. Speaker.

Mr. Knowles: It was your own followers who were so noisy.

Mr. Churchill: I shall be glad to repeat it because I think it is a matter of some importance. I am asking the minister if, in the list of regiments shown in the answer given to me yesterday, the most recently formed regiment, the Regiment of Canadian Guards, is listed in order of seniority.

Mr. Claxton: I assured the hon. member, Mr. Speaker, that I did not have with me, and I do not regularly carry, the list of regiments according to seniority.

Mr. Churchill: Is it not normal practice, in giving a list of regiments in the army, to list them in order of seniority?

Mr. Claxton: I must say again that I could not hear the question. Does the hon. member ask me if we printed the list in *Hansard* in order of seniority? I have no information on that. He did not ask for the list in order of seniority, and I do not know whether or not they were printed in that order but I shall look into it.

ESKIMOS

REGISTERED TRAP LINES—RIGHTS OF CANADIAN ESKIMOS

On the orders of the day:

Mr. M. A. Hardie (Mackenzie River): I should like to direct a question to the Minister of Northern Affairs and National Resources arising out of a press dispatch appearing in last night's Ottawa *Journal* concerning Alaskan Eskimos. Is it true that Alaskan Eskimos living in the Mackenzie river delta hold registered trap lines, while there are a number of Canadian Eskimos who are without trap lines? If so, is the minister's department giving consideration to the prior right of Canadian Eskimos in this regard?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): I just came back in Ottawa a few minutes ago, and I should like to take the question as notice. I shall be in a position to give an answer tomorrow.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—REQUEST FOR FURTHER INFORMATION

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Would the Minister of National Health and Welfare say what has been found as a result of the tests to ascertain the causes of pollution of the North Saskatchewan river, that were made some miles east of Edmonton? What is the present position of the co-operative efforts between the provinces and the federal government in connection with this matter; and would the minister give a general report on the situation?

Hon. Paul Martin (Minister of National Health and Welfare): My hon. friend will be pleased to learn that the government of Alberta and the technical officers of my own department have advised that the pollution concerning taste and odour in the North Saskatchewan river has been brought under control at the source. This was due to a diversion of wastes that was made effective on March 4. I must say, however, to my hon. friend—and he will not be pleased with this, although he will realize that this is not the fault of anyone—that his own city of Prince Albert will not get the benefit of this control for three weeks, until the waters will have passed that distinguished city.

FRED ROSE

REPORTED RUMOURS OF RETURN TO CANADA—SECURITY MEASURES

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I should like to ask a question of the Minister of Justice. Is the government taking precautions or security measures regarding the re-entry of Fred Rose into Canada, if Fred Rose is not already in Montreal.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the government is at all times maintaining security measures in respect to matters such as that to which the hon. member has referred.

Mr. Fleming: That is no answer.

Mr. Dufresne: May I ask a supplementary question. I should like to have a definite statement regarding the re-entry of Fred Rose into Canada.

Mr. Garson: I believe it was the day before yesterday that the hon. member, without notice, asked me if I had heard of the rumours which he said were prevalent around Montreal with regard to the possible re-entry into Canada of Fred Rose. My answer was no. I still have not heard any such rumours. Therefore when my hon. friend asks me another question, again without notice, the only thing I can say to him is that no rumours of Fred Rose's re-entry into Canada have reached my ear, and that we are maintaining the customary security precautions.

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Wednesday, March 10, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Robinson (Simcoe East) in the chair.

The Chairman: When the committee rose we were discussing clause 631. Shall the clause carry?

On clause 631—*Costs to defendant in case of libel.*

Mr. Knowles: Mr. Chairman, before we proceed to the discussion of clause 631, I wonder if it would not be useful and helpful to all members if the minister could outline his plans for the further consideration of the remaining clauses of the Criminal Code. As the minister is aware, I am asking this question on the basis of certain information of which two or three of us are in possession. However, it occurs to me that it might be well for the entire committee to have that information.

I believe it is understood that today we shall continue with the bill, dealing with the clauses remaining to be dealt with; but that so far as today's program is concerned, we will just make the first run-through. This would then leave quite a number of clauses, something of the order of 50 or 60, that have been stood over, some because they were highly contentious and some for other reasons.

As the minister is aware, there has been an unofficial meeting of the minister with representatives of the opposition parties; and as a result of that unofficial meeting the clauses allowed to stand have been placed in certain groups. I have that list, thanks to the minister who sent it to me; but it occurs to me that it might be helpful to the committee as a whole if the minister were to place that list on *Hansard*. The whole list might be put on, placing the various clauses in their respective groups. If this is done, then when we come to those days when we are to continue discussion of the Criminal Code, announcement could be made that on a certain day we would take the clauses in group 1, group 2, group 3, group 4 or group 5, as the case may be. Perhaps the minister would consider the suggestion I have made.

Mr. Garson: Mr. Chairman, my hon. friend has already covered a lot of the ground he has asked me to cover. I wish to express my appreciation to him for having done so.

Mr. Fulton: I am sorry, Mr. Chairman, but I cannot hear a word the minister is saying; and it is not the minister's fault, either.

The Chairman: Order.

Mr. Garson: As I was saying, the hon. member for Winnipeg North Centre has already covered a good deal of the ground which—

The Chairman: Order. I cannot hear what the minister is saying, and I must ask hon. members to maintain silence.

Mr. Garson: Mr. Chairman, as I have already said on two occasions the hon. member for Winnipeg North Centre has already covered a good deal of the ground that he has suggested I should cover. He is quite right when he says that a few days ago the hon. member himself, representing his party, the hon. member for Kamloops, representing the official opposition, and the hon. member for Red Deer, representing the Social Credit Party, met with me to discuss the manner in which we might expedite the consideration of those clauses in the bill which, in our preliminary consideration of it in this committee of the whole, we have set aside for further attention.

In order to do this we had thought we might continue with the consideration of those clauses in the bill which thus far we have not considered, and that when that was completed we would return to a consideration of those clauses set to one side, dealing first of all with those which seemed to us to be of a less contentious nature, reserving until the end those matters of major importance which we thought were worthy of arrangements as to time for debate, and perhaps also as to length of time to be taken in debate. Carrying out that idea, we divided into six groups the clauses set aside. Perhaps, for the convenience of hon. members I should place those groups on record.

Group No. 1 deals with unrelated clauses which are not considered of primary importance. In each instance I shall indicate the name of the hon. member who asked to have the matter stood aside. They are as follows: clause 16, subject matter insanity, the hon. member for Kamloops; clause 102, subject matter, frauds upon the government, the hon. member for Vancouver South; clause 116, subject matter, witness giving contradictory evidence, the hon. member for Kamloops and the hon. member for Winnipeg North Centre; clause 119, subject matter, obstructing justice, the hon. member for Vancouver East; clause 120, public mischief—in respect of which I understand an amendment will be offered—the hon. member for

Winnipeg North Centre; clause 164, no apparent means of support, or vagrancy, the hon. member for Kamloops and the hon. member for Winnipeg North Centre—and again, an amendment will be offered; clause 206, punishment for murder, the hon. member for Winnipeg North Centre. I might point out that I understand this is stood over as a matter of form in the hope that by some miracle the report of the special parliamentary committee on capital punishment might be received before we have completed dealing with the bill here.

Then, to continue: clause 221 (2), failing to stop at the scene of an accident, the hon. member for Kamloops—and I understand there is to be an amendment; clause 289, punishment by whipping, the hon. member for Winnipeg North Centre, and again this is just a formal standover; clause 374, dealing with arson, a matter concerning which the hon. member for Winnipeg North Centre wished to discuss with me certain matters relating to the composition of cigarettes. I think we might pass that clause and he and I can deal with that subject for him outside of this bill altogether; clause 413, jurisdiction of the courts, the hon. member for Winnipeg North Centre; clause 417—

Mr. Knowles: The minister forgot clause 389.

Mr. Garson: I understand that the request to stand had been withdrawn. The hon. gentleman who asked to have it stood over does not wish to press it.

Mr. Fulton: You still have to pass it.

Mr. Garson: Yes. Then we come to clause 417, trial without jury in Alberta, the hon. member for Kamloops. That was disposed of yesterday by the reply which I gave to the hon. member for Prince Albert. That comprises the whole of group 1.

Group 2 is made up of clauses of major but not primary importance. The first group of clauses is: clauses 222 to 225 inclusive, drunken and impaired driving, the hon. member for Kamloops; clauses 150 to 153 inclusive, crime comics and obscene literature, the hon. member for Kamloops; clauses 247, 248 and 253, defamatory libel, the hon. member for Kamloops and the hon. member for Oxford; clauses 163 and 165, nuisance, the hon. member for Prince Albert. That comprises group No. 2.

Group No. 3: clause 134, instruction to jury re sexual offences, the hon. member for Digby-Annapolis-Kings; clause 141, indecent assault on female, the hon. member for Prince Albert; clause 142, incest, the hon. member for Digby-Annapolis-Kings. That comprises the whole of group No. 3.

We now come to those matters which we think are of major importance. Group No. 4: clauses 46 to 48 inclusive, treason, the hon. member for Prince Albert; clause 50, assisting the enemy, the hon. member for Winnipeg North Centre; clause 57, offences in relation to Royal Canadian Mounted Police, the hon. member for Winnipeg North Centre; clauses 60 to 62 inclusive, sedition, the hon. member for Winnipeg North Centre.

Next is group 5, which deals with a number of clauses all related to one another, in that they directly or indirectly deal with labour matters: clauses 32, 33, and 64 to 69, riots; clause 52, sabotage; clauses 372 and 373, mischief. In connection with all these clauses the name of the hon. member for Winnipeg North Centre is given, and in connection with clauses 372 and 373 the name of the hon. member for Kamloops is also associated with that of the hon. member for Winnipeg North Centre; clauses 365 to 367, criminal breach of contract, the hon. member for Kamloops.

Group 6 is made up of clauses which have been stood over since March 9, 1954: clause 432, detention of things seized, the hon. members for Kamloops and Digby-Annapolis-Kings; clause 446 (2), procedure to procure attendance of prisoner, the hon. member for Winnipeg North Centre; clauses 467 and 468, jurisdiction of magistrates, the hon. member for Kamloops; clause 499, count for murder to stand alone, the hon. member for Kamloops; clause 557, accused other than corporation to be present at the trial, the hon. member for Winnipeg North Centre. That comprises the entire list.

I think the idea is that we shall continue with our work this afternoon on the code itself, and if we are able to finish it we shall go back and start at the beginning of that list.

Mr. Knowles: On that point we were left in an indecisive position last night, but I discussed the matter by telephone today with the Minister of Citizenship and Immigration and he agreed to our request that if we finished the first run-through today, we should not try to go back to any of these clauses that have been stood over, but that they should be left until some other sitting of the house. My reason for asking the minister to do what he has now done is clear, I think. It means that from here on when an announcement is made as to what we shall deal with when we take up the Criminal Code, it can

be done by announcing that consideration will be given to the clauses in group 1, group 2 or one of the other groups recorded in today's *Hansard*.

While I am on my feet may I draw to the minister's attention the fact that two clauses which were allowed to stand over seem to have been omitted from this list. I did this checking just before we came down at 2.30, and I did not have time to call them to the minister's attention. I refer to clause 88 and clause 289. I believe clause 88 was stood over at the request of the hon. member for Vancouver East, and clause 289 stood at my request. If I might presume to say so, I think both could be included in group 1.

Mr. Garson: I mentioned clause 289; it is on record.

Mr. Knowles: I am sorry; I was looking at an earlier list.

Mr. Garson: With regard to the first point raised by my hon. friend, I was suggesting only that we might go back to these matters of lesser importance which have been stood over in the rather improbable event that before six o'clock this afternoon we shall have finished all of the remaining sections of the code. I do not think we need to waste time debating that question, it is rather academic at the moment.

Mr. Knowles: We can deal with it if and when it arises.

Mr. Garson: Before we enter into consideration of the clauses before us, perhaps I can clear up this point as I go along.

The Chairman: Order. I have listened with some interest to the suggestion as to procedure presented by the Minister of Justice, which appears to have been agreed to by the various groups; but of course I am in the hands of the committee. May I ask the committee whether the suggested procedure is agreeable to it?

Some hon. Members: Agreed.

The Chairman: Shall we deal with clause 631?

Mr. Garson: I wonder whether I might have unanimous consent to clear up a very simple matter as we go along, which does not come under the heading of clause 631 but under clause 626, which has been passed.

The Chairman: Has the minister leave?

Some hon. Members: Agreed.

On clause 626—*Fines and penalties go to provincial treasury.*

Mr. Garson: The hon. member for Kootenay West asked me a question yesterday and perhaps I had better read it. It was as follows, as reported at page 2872 of *Hansard:*

> I was informed by a person I consider to be quite responsible that when the R.C.M.P. lay a charge for an offence involving the operation of sweepstakes, particularly the Irish sweepstakes, the case is heard in Ottawa and the fine or any moneys seized are paid to the city of Ottawa rather than to the municipality in which the offence occurred.

I did not have the information on hand when he asked the question. I have since checked with the commissioner of the Royal Canadian Mounted Police, who informs me as follows. The R.C.M.P. has not laid any charge in respect to sweepstakes in Ottawa, nor seized any money relating to that offence, as cases of this sort do not come within this jurisdiction. In the province of Ontario any information on cases of this nature which might come to the R.C.M.P. in any way would simply be passed on to the municipal or provincial force having jurisdiction at the point where the matter was reported.

Mr. Diefenbaker: Will the minister allow one question there? Is it a fact that in the city of Ottawa searches are made—

Mr. Winch: If I may rise on a question of privilege, we can never hear my hon. friend here on the back benches. Would he speak up?

Mr. Herridge: On a question of privilege, the loud-speaker system is not working very well this afternoon. We have had difficulty with it ever since we commenced the sitting today.

Mr. Diefenbaker: I thought the reason for the installation of this appliance was to permit an informal discussion to take place in committee, particularly, so each of us would not be yelling at the top of his voice in order to make himself heard. I thank my hon. friend very much, as I did not know I was speaking in such subdued tones. Is it not a fact that during the last year seizures have been made by municipal officials of money being forwarded by operators of lotteries, which seizures took place as trains were passing through the municipality in question? What right has a city to make such seizure? I understand that has been done.

Mr. Garson: I am sorry, but I cannot accommodate my hon. friend. The seizures to which he refers would be made by municipal police forces. I have no knowledge concerning them and therefore cannot answer

his question. The individuals who made the seizures would be the ones who should answer for the authority under which they were made.

Clause agreed to.

On clause 631—*Costs to defendant in case of libel.*

Mr. Garson: Yesterday at six o'clock we were debating this clause and the hon. member for Kamloops was contending, as I understood him, that while he had no objection to the successful defendant in a prosecution for defamatory libel being given his costs, he thought it was rather inconsistent that in the same bill we were proposing to delete the provision for the prosecutor getting costs in those cases in which the prosecutor was successful. The hon. member thought that was an anomaly which should be cured.

We always give careful consideration to worth-while suggestions made by members of the house. But we did not think it would be proper to restore the allowance of costs to a prosecutor for in the great majority of cases the prosecutor is the crown itself. While there have always been these clauses in the Criminal Code which permitted the awarding of costs, the crown has not claimed such costs but has charged them up to the administration of justice. I do not think any of us would regard it as desirable that the crown should collect these costs. Hence I think the hon. member for Kamloops will agree that in the great majority of cases it would not be desirable to restore this section.

But so far as the offence of defamatory libel is concerned, I think there is good warrant for allowing the prosecutor his costs if he succeeds, in the same manner we propose under the provisions of this clause as it now reads to allow costs to a successful defendant. I hope this will in part meet the viewpoint expressed by the hon. member for Kamloops, and I would therefore propose to amend the bill by striking out clause 631 as it is now in the bill and substituting the following:

631. The person in whose favour judgment is given in proceedings by indictment for defamatory libel is entitled to recover from the opposite party costs in a reasonable amount to be fixed by order of the court.

I would ask the Minister of Citizenship and Immigration to move that amendment.

Mr. Harris: I move accordingly.

Mr. Garson: I would also suggest that clause 632 at it is now in the bill be struck out and the following substituted therefor:

632. Where costs that are fixed under section 631 are not paid forthwith the party in whose favour judgment is given may enter judgment for the amount of the costs by filing the order in the superior court of the province in which the trial was held, and that judgment is enforceable against the opposite party in the same manner as if it were a judgment rendered against him in that court in civil proceedings.

Mr. Harris: I move accordingly.

The Chairman: Is it agreed that we deal with clauses 631 and 632 at the same time?

Some hon. Members: Agreed.

Mr. Fulton: I wish to express to the minister my appreciation for the consideration which he and his department have given to the point I raised last evening, and to say that the amendment is perfectly satisfactory. The point I made last evening had relation to the whole field of costs for the prosecution or for the crown in criminal proceedings. As I pointed out, section 1044 gave the right to the crown to recover costs and expenses incidental to the proceedings if it desired to do so. I can see some reason for retaining that section because I can imagine that in particularly aggravating or irritating cases it might be desirable to take advantage of it. Yet I can appreciate what the minister has indicated to me privately and also in the house, that the section has never been used in past years, that the crown in the right of the provinces has tended to regard it as being incidental to the administration of justice that they have to bear the costs of criminal prosecutions. Therefore the section has never been used.

I understand it is felt, and I must say that it seems to be generally acceptable, that a section which is never used should not continue to be part of the law. While I have some minor reservations regarding the deletion of the general right on the part of the crown to recover its costs, I certainly could not insist with any vigour on its retention. Since the minister has met me with respect to the rights of a person launching a prosecution for defamatory libel, that is where an individual rather than the crown is concerned, I have no further objection to the dropping of section 1044. I thank the minister for having continued that particular right by virtue of the amendments which he has just suggested.

Amendments agreed to.

Clause 631 as amended agreed to.

Clause 632 as amended agreed to.

Clause 633 agreed to.

On clause 634—*Imprisonment for life or more than two years.*

Mr. Dinsdale: I understand that when a person is serving time for a specific charge and another province prefers a similar charge against him, it is necessary upon discharge for that man to go to that other province to stand trial. If that is so it seems to me that time and money might be saved if the province in which the prisoner was convicted could be given sole responsibility for trying that prisoner on charges of a similar nature, relating to other provinces.

Mr. Garson: Has my hon. friend Bill No. 7 with him?

Mr. Dinsdale: Yes.

Mr. Garson: If he will look at clause 421 (3) he will see that is designed to cover the case he has in mind. I do not believe it goes quite as far as he wishes, but it does provide a means whereby the accused can have all his offences cleared up so he can start serving his sentence on them all. I think that is what my hon. friend has in mind.

Mr. Dinsdale: Yes, that is so.

Mr. Garson: I believe he will find that covers the point.

Mr. Dinsdale: But if it was discovered after conviction in one province that there were offences of a similar nature committed in another province, would the accused have to face charges in that other province?

Mr. Garson: No, I believe if my hon. friend reads that clause he will see that it is designed to cover that point.

Mr. Dinsdale: Then this is new?

Mr. Garson: Yes.

Clause agreed to.

On clause 635—*Sentence served according to regulations.*

Mr. Nesbitt: Mr. Chairman, this clause reads:

> A sentence of imprisonment shall be served in accordance with the enactments and rules that govern the institution to which the prisoner is sentenced, and a reference to hard labour in a conviction or sentence shall be deemed to be a reference to the employment of prisoners that is provided for in the enactments or rules.

From a practical point of view certain difficulties occasionally arise with regard to this matter of hard labour. I wonder if the minister would take into consideration the possibility under various parts of the code of having people sentenced to, say, labour instead of hard labour? The practical difficulty that arises is this, that we have people sentenced for traffic offences such as impaired driving, and they are sent to a county jail. It very often happens a prisoner in that position in a county jail would like to get out and work on the lawn or shovel snow or do something of that nature. But because the sentence does not call for hard labour they are not allowed to do so, and prison officials will not permit them to undertake such work on the ground that it would be breaking the law.

It is my belief there might well be two divisions in respect to sentences. For example, there might be hard labour, which involves heavy work such as on the old fashioned rock pile or something of that nature, and another division of labour which would enable prisoners in a county jail, not a penitentiary, serving sentences for some of these traffic offences, to be employed on lawns and so on. Very often these people would be glad to get out to do such work.

Mr. MacInnis: Mr. Chairman, I believe the time has arrived for the elimination of these words altogether.

Mr. Garson: They are eliminated.

Mr. MacInnis: Perhaps the minister wishes to say something? If so I shall gladly give way to him.

Mr. Garson: The addition to the penalty of a provision for hard labour has been removed under the new code. The purpose of this present provision is to enact that a reference to hard labour in any conviction under this clause will always be used for the employment of prisoners provided for in the enactments or rules. As my hon. friend from Oxford knows, prisoners who are convicted of an offence under the code and sentenced to a prison term of less than two years do not go into a federal penitentiary. They go into certain provincial institutions, which are recognized as the proper places to incarcerate them under the provisions of the federal Prisons and Reformatories Act.

While a careful check is kept by the Department of Justice as to the practices which prevail there, each one of these prisons will have its own rules. Clause 635 (1) is for the purpose of making clear that when they go in there they will work in accordance with the rules, and it will be up to the provincial jail superintendent, if that is the proper term, who is in charge of that institution to regulate the conduct of the prisoners there.

Mr. MacInnis: Mr. Chairman, after taking a second look at this clause I see it is not quite what I thought it was, and I wish to thank the minister. I was not suggesting that prisoners who are sent to jail should remain in idleness. I believe that if reasonable work can be provided, then these men

should be permitted to work. As far as British Columbia is concerned my information is that for a great many years the addition of the words "hard labour" simply meant that a man would have better medical attention while in jail.

Mr. Nesbitt: I wonder if the minister would clarify what he said. When a person is sentenced to jail for an offence such as impaired driving and he goes to a county jail, not a penitentiary, can one draw the inference that under this clause he could not do simple work such as raking leaves or shovelling snow even if he wished to do so, unless the term "hard labour" was attached to his sentence? Is that correct?

Mr. Garson: No, it is not correct to draw that inference.

Clause agreed to.

Clause 636 agreed to.

On clause 637—*Binding over person convicted.*

Mr. Knowles: I wonder if the minister would care to comment on a point which strikes me under this clause. Clause 637 is in part a revision of section 1059 of the Criminal Code as it now stands, and I notice under that section it states that:

> Whenever any person . . . has . . . remained imprisoned for two weeks, the sheriff, gaoler or warden shall give notice, in writing, of the facts to a judge of a superior court, or to a judge of the county court of the county or district in which said gaol or prison is situate . . .

—and so on. That has been changed in the clause now before us to provide that the prisoner himself may apply to a judge for a review of the order of committal. There might be a very simple answer to this, but it strikes me that a prisoner in jail is in a rather helpless position in this regard. My colleague for Vancouver-Kingsway points out to me that a prisoner might not have a copy of the Criminal Code with him in his cell and he may not know of this right. It appears to me as a layman that there is something lost in the new clause. Formerly the sheriff, jailer or warden had to make a report, and now he is not required to make that report. In other words, the prisoner has a right of which he may not be aware. Can the minister explain?

Mr. Garson: While I am not, thank goodness, familiar with the procedure inside a jail I would not think the fact that the report was made in a routine fashion would necessarily produce a review, and for that reason it seems to me that if the prisoner has the right to ask to be taken before a judge under this clause to have his position reviewed, then that might well be more valuable to him than the previous provision was.

Mr. Knowles: I can see the point the minister is making, in that there is a deficiency in both wordings. He says that under the former wording the sheriff, jailer or warden might make a report and the judge do nothing about it. I agree with that criticism of the weakness in the former wording. However, under the present wording he has the right to apply but he may not know of it. Would it not be possible to include some wording to make sure that this information is communicated to the prisoner? The advantage of the former wording was that a report had to be made. Is the point not worth looking at?

Mr. Garson: Well, perhaps it is; but I think the prison officials, who are pretty humane and intelligent men nowadays, would in all likelihood bring this provision to the attention of the prisoner. Did my hon. friend have in mind putting a provision in the section that the warden of the prison should bring this to the attention of the prisoner? I think that could be achieved better by having an understanding among ourselves and the provincial authorities that this might be done, rather than writing it into the Criminal Code. The important thing here is that the prisoner is given the right to go before a judge and have his case reviewed. The next subclause, as my hon. friend can see, provides that the judge shall review it and shall make up his mind as to what disposition should be made of the case.

Mr. Knowles: It is not quite that certain in the next subclause. However, that is not the point of the debate. The next subclause reads:

> A judge who receives an application under subsection 3 may order the discharge of the person referred to . . .

The word "shall" does not appear. I do not like to take the time of the committee to pursue this point. It has been our experience on some of these other points that if the minister consents to the clause standing sometimes a change is the result. I wonder whether he would let this clause stand and take a look at it. If after he has done so he thinks it should go the way it is, I shall not take any time on the matter at a later stage.

Mr. Garson: Would my hon. friend agree to pass it on my undertaking that I will look at it? I think it is in quite good shape the way it is.

Mr. Knowles: I do not mind, if the undertaking also means that the minister will

introduce an amendment at this session if he thinks one should be made after looking at the clause.

Mr. Garson: Oh, certainly. I do not think we have given any indication throughout the consideration of the bill that we were not prepared to amend where good cause was shown.

Clause agreed to.

On clause 638—*Suspension of sentence.*

Mr. Nesbitt: Clause 638 deals with a case where an accused is convicted of an offence and there is no previous conviction against him. Reference is then made to having regard to the age, character and so on of the accused, and provision is made that sentence may be suspended. The special committee on reform institutions of the Ontario legislature has made a carefully prepared, revealing and detailed report on many matters, and I could not help noticing, as I have no doubt the minister has seen, that they recommended that sentence should be suspended in the case of persons who are first offenders unless it is felt by the court, in view of certain particular circumstances, that this should not be done.

Possibly I am speaking in a circle, but under this clause as it reads now the court may, if it sees fit, suspend sentence. I wonder whether the minister would agree to let the clause stand in order to permit members a chance to read the report made by this committee. It might be that it would then seem advisable to alter the clause so it would read that the court shall suspend sentence unless there are particular circumstances which make the court feel that sentence should not be suspended.

Mr. Garson: When a judge or magistrate is appointed to judge cases it seems to me to be of the first order of importance that you should not surround him with too many statutory directions which give him no scope to exercise his own judgment. I would think that in this clause we have an instrument by which a system of probation, which I think my hon. friend has in mind, could quite easily be made operative. But would my hon. friend not agree that a judge in dealing with a series of cases coming before him has to decide in each case upon the facts of the particular case whether or not he will grant what is popularly referred to as suspended sentence? If we provide that, if two or three conditions are met, the judge must grant suspended sentence, the judge may have before him a few exceptional cases in which it would not be proper for him to grant suspended sentence at all, even although these conditions had been met.

If he is a competent judge, as we must assume they all are, it seems to me to be far better to leave that discretion with him. I do not think there would be any purpose in standing the clause over until further consideration is given to the report to which the hon. member has referred. The only thing that can happen to that report is for it to be implemented or not implemented, and it is not until it is implemented that the point the hon. member now raises has any particular relevancy.

The whole question of probation comes under the heading of the administration of justice, which is entirely provincial in character. It is a part of the general administration of justice policy which depends for its success upon the co-operation of the crown prosecutors and the departments of the provincial attorneys general. I think the position is that in clause 638 there is ample provision for the implementation of a more extensive probation policy in any province in Canada if the province concerned wishes to put such a policy into effect.

Mr. Nesbitt: I fear that possibly the minister may have misunderstood me. First of all, I realize full well that the report of this committee of the Ontario legislature is provincial in nature. However, it touches on many subjects dealt with in Bill No. 7, and I am quite sure those of us who are interested in commenting on the clauses as we go through the bill might be able to gain a great deal of valuable information if given a chance to study the report of this particular committee. One of the clauses of the bill now before us which would be involved is this one dealing with suspension of sentence and probation.

I quite agree with the minister that it is a very bad thing to hamper judges or magistrates with too many statutory rules. No one would be more ready to agree with that than I. But in the past, as I think the minister well knows, the imposition of what is popularly called suspended sentence has been the exception rather than the rule, although lately social thinking has possibly resulted in sentences being suspended more frequently.

What I really had in mind was that this clause might be rephrased to impress upon magistrates and judges the desirability of imposing suspended sentences. The emphasis could be shifted so that suspended sentences would be imposed more often, though there would have to be a saving clause so the judge would be at perfect liberty not to suspend

sentence if the circumstances were such that he thought that should not be done. In the past suspended sentences have been the exception rather than the rule, and I think the emphasis might be shifted so that suspended sentences for first offenders would be the rule rather than the exception.

Clause agreed to.

Clauses 639 and 640 agreed to.

On clause 641—*Execution of sentence by whipping.*

Mr. Winch: May I ask that this clause stand, because it deals with whipping.

Mr. Garson: Yes, it could stand. Before we do so, in line 37 there is a typographical error. The word—if it is a word; I think it is just a jumble of letters—"practioner" should read "practitioner".

Mr. Martin: I shall be happy to move that amendment to correct my colleague's language.

Amendment agreed to.

The Chairman: Is it agreed that the clause stand?

Mr. Knowles: It could be associated with clause 289 in group 1 for later consideration.

Mr. Garson: I suppose we all realize that we will stand it now, but we shall likely have to pass it before receiving the report of the committee.

The Chairman: Shall the clause as amended stand?

Clause as amended stands.

On clause 642—*Form of sentence.*

Mr. Winch: Could we do the same with clauses 642 and 643?

Mr. Knowles: Would you stand the entire group from clause 642 through to and including clause 653? They could be stood and considered later in association with clause 206 in group 1.

Mr. Garson: All right, but before we do that might I suggest another amendment in clause 643, lines 16 and 31? The expression "Secretary of State" should be deleted and the expression "Minister of Justice" substituted therefor. If my colleague the Minister of National Health and Welfare would move that?

Mr. Martin: I so move.

Amendment agreed to.

Clauses 642 to 648 inclusive stand.

[Mr. Nesbitt.]

On clause 649—*Documents to be sent to Secretary of State.*

Mr. Garson: In clause 649 the words "Secretary of State" in line 45 should be deleted and the words "Minister of Justice" substituted therefor.

Mr. Diefenbaker: Would the minister say why the change is made?

Mr. Garson: Yes. It has to do with certain functions in connection with the matter of capital punishment. Until the present time the practice has been that the advice and documents passed through the Secretary of State to the Minister of Justice. We have made arrangements to have them go to the Minister of Justice directly.

Mr. Diefenbaker: On that point, would the minister say where the Solicitor General comes in on the question of the procedure to be followed after a capital sentence has been imposed. Has he any function today?

Mr. Garson: Yes, the Solicitor General is connected with the Department of Justice, and at the present time he actually discharges all of these functions relating to remissions and commutations, but he does so as a colleague in the Department of Justice. The Minister of Justice is the responsible official who answers for all these matters in the House of Commons and always has been.

Mr. Diefenbaker: Was that always in effect, or is that a recent innovation?

Mr. Garson: No, that has been in effect.

Mr. Diefenbaker: I thought a change was made a couple of years ago.

Mr. Garson: Yes, the situation has always been that the Minister of Justice was answerable in the Commons for the department, including the actions of the Solicitor General therein. Up until, as my hon. friend says, about two or three years ago the Solicitor General looked after all cases of remission except those involving commutation of the death sentence. At that time the Solicitor General took over all cases of remission, including the commutation of death sentences, and the Solicitor General is handling that work now.

Mr. Knowles: Do I understand that when an official review is made by the cabinet of a death sentence, the preparation and presentation of that material is made by the Solicitor General rather than by the Minister of Justice?

Mr. Garson: That is right.

The Chairman: May I point out that since a request has been made for the clauses to stand, the amendment can only be made by leave. Does the committee grant leave?

Some hon. Members: Agreed.

Mr. Lapointe: I would move that line 45 of clause 649 be amended by deleting the words "Secretary of State" and substituting therefor "Minister of Justice."

Amendment agreed to.

Clause stands.

Clauses 650 to 653 inclusive stand.

Clause 654 agreed to.

On clause 655—*To whom pardons may be granted.*

Mr. Knowles: Would the minister explain whether there is any significance in the distinction between mercy granted by Her Majesty and a pardon granted by the governor in council?

Mr. Garson: There is not any practical difference. The royal prerogative of mercy is a prerogative which has always been attached to the British crown, regardless of any statute. As my hon. friend can see, clause 658 reads:

Nothing in this act in any manner limits or affects Her Majesty's royal prerogative of mercy.

The exercise of that royal prerogative is carried on in accordance with the other provisions which are in the Criminal Code.

Mr. Knowles: Then is subclause 1 of clause 655 really necessary in view of what is in clause 658?

Mr. Garson: Well, I would think so; because if my hon. friend will look at clause 655 he will see that it spells out the different kinds of acts the governor in council may do in the exercise of the royal prerogative of mercy. I think it is desirable to have these things set out in the Canadian statutes rather than leave the subject to conduct a research in the law library to ascertain of what the royal prerogative of mercy consists.

Mr. Winch: The only question which comes to my mind is this. When, on Her Majesty's birthday or on the coronation, she announced remission of sentences for those in jail, is that carried through as a prerogative of the crown or do we in Canada then take the necessary steps to promulgate her announcement?

Mr. Garson: We pass an order in council which gives effect to Her Majesty's amnesty in Canada.

Mr. Nesbitt: I should like to ask a question of the minister for which no doubt there is a very simple explanation. Clause 655 (1) states:

Her Majesty may extend the royal mercy to a person who is sentenced to imprisonment under the authority of an act of the parliament of Canada, even if the person is imprisoned for failure to pay money to another person.

Would the minister explain the necessity for the words "even if the person is imprisoned for failure to pay money to another person." Why is an exception made in that way?

Mr. Knowles: It sounds in the same category as witchcraft.

Mr. Garson: No, it is not witchcraft.

Mr. Winch: Is that the most serious crime that can happen?

Mr. Garson: The prisoner in question may be in prison because he has failed to pay penalties which have been levied against him, or moneys which he has been directed to pay. This subsection makes it clear that the royal prerogative of mercy may be extended to him even in cases of that kind.

Clause agreed to.

On clause 656—*Commutation of sentence.*

Mr. Garson: I would ask my colleague to move an amendment to this clause.

Mr. Lapointe: I move:

That in clause 656 the words "Secretary of State or under-secretary of state" be deleted from line 19 and that the words "Minister of Justice or deputy minister of justice" be substituted therefor.

Mr. Knowles: Where is the written provision by which these functions, which by law are assigned to the Minister of Justice, are actually handled by the Solicitor General?

Mr. Garson: That would be by order in council, under the Department of Justice Act.

Amendment agreed to.

Clause as amended agreed to.

Clauses 657 to 659 inclusive agreed to.

On clause 660—*Application for preventive detention.*

Mr. Winch: What I shall have to say on this clause may tie in, in part, with clause 666. It is a matter which has come to my attention as a result of being elected to the House of Commons and having had the opportunity to visit penitentiaries. According to my understanding of the law as set out in clauses 660 and 666, when a man is apprehended on a criminal charge he is first of all tried and

sentenced on that charge. Under clause 660 he can then be charged as an habitual criminal. Any sentence on that charge does not become effective until he has served the sentence on the charge for which he was arrested. I believe I am correct in my understanding of the law in this respect.

I have in mind a case in point which I do not understand, and for which I am asking an explanation from the minister. When, before coming to this session, I visited the penitentiary in British Columbia I met two young men who, first of all, had been sentenced on the charge on which they had been arrested, and were then sentenced under this clause. In order to make my point clear, these men were arrested on a charge of robbery and received sentences of three years. Then they were further sentenced as habitual criminals. Under the existing act, and in the clause now before us, it is my understanding that the Minister of Justice must review every three years the case of a criminal sentenced under clause 660, to see whether or not there are circumstances under which he should receive parole. But the minister cannot do that until the prisoner has served three years under the second sentence.

To my mind it is strange that a man can serve his sentence of three years, six years or ten years, as the case may be, on a charge for which he has been arrested, subject to review under the program of rehabilitation, which I hope is to be continued—and I believe it is being carried out in the British Columbia penitentiary—but after serving his sentence of three, six or ten years, as the case may be, the Minister of Justice is not permitted to consider the case until three years have been served under the provisions of this clause. That is my reading of the law, and definitely my understanding from the authorities in the British Columbia penitentiary. My information is that the cases of these men cannot be considered by the minister until three years after they have served the sentences resulting from their convictions.

I believe this is a wrong procedure. I say the proper time to consider whether or not mercy should be exercised would be at the completion of the first term.

Mr. Garson: I should like to compliment the hon. member upon his lucid explanation. Most of what he has said is quite correct. However, notwithstanding the impression he may have received from the prison authorities in British Columbia, I am afraid he is mistaken on one point. I am sure my hon. friend himself can see that he is wrong by reading clause 666, which says:

> Where a person is in custody under a sentence of preventive detention, the Minister of Justice shall—

"Shall"—I must do it.

> —at least once in every three years, review the condition, history and circumstances of that person for the purpose of determining whether he should be permitted to be at large on licence, and if so, on what conditions.

Mr. Winch: That is the very point I have made. The minister must review the case when the prisoner has been under preventive detention. I am informed that he is not under preventive detention on that charge until he has fulfilled the sentence on the charge for which he was arrested.

Mr. Garson: I think my hon. friend is right in that. But the fact that clause 666 says the minister shall at least once in every three years review the conditions, history and the like, does not mean that he cannot do it on other occasions, if he wishes. There is nothing in clause 666 which purports to abridge in any way the royal prerogative of mercy. And if it were not possible to do it in any other way it could be done by royal prerogative.

What this clause says is that whether the minister wishes to do it or not, he shall—he is specifically directed—do it once every three years. But it does not say that even during the determinate sentence of a prisoner, the initial sentence of three years, or during the indeterminate sentence, the Minister of Justice, in the exercise of the royal prerogative of mercy under this part of the code, may not at any time commute or remit some portion of either of those sentences. That is not taken away. If my hon. friend has misunderstood the information which he got in British Columbia, or if it was given to him and he did not misunderstand it, then all I can say is that it was wrong. I agree entirely with my hon. friend that we should have that power. We do have it; we do not want to give it up.

Clause agreed to.

On clause 661—*Evidence.*

Mr. Nesbitt: I should like to request the minister to stand this clause over. I discussed it with my colleague, the hon. member for Kamloops. In view of the same report of the Ontario legislature committee on reform institutions, the fact that a number of hon. members wish to go at some length into this matter, and that I have some comments and suggestions I wish to make to the minister with respect to a royal commission to go into this matter, I request that the clause stand.

Mr. Garson: That is quite all right.

The Chairman: Clause 661 stands.

Clause stands.

On clause 662—*Notice of application.*

Mr. Nesbitt: Clause 662 (2) reads:

An application under this part shall be heard and determined before sentence is passed for the offence of which the accused is convicted and shall be heard by the court without a jury.

Will the minister tell us why this paragraph is inserted and why there should be no jury? It would seem to me that when a person is liable to be put away for a long, indefinite period he should be entitled to trial by jury.

Mr. Garson: The logic of this clause is based upon the premise that the issue of whether an accused is a criminal sexual psychopath is one which the average judge will be more competent to try than the average jury. Perhaps we shall be better able to judge of the merits of the suggestion made by the hon. member for Oxford after we have received a report on this subject from the royal commission.

I may say that we have discussed with Chief Justice McRuer the question of having this matter of the criminal sexual psychopath considered by the royal commission which has been set up to consider the subject matter of insanity as a defence to a charge of criminal responsibility. The chief justice is of the view, in which we concur, that it would be a mistake to combine these two subjects, both of which are technical and difficult, in the one inquiry. He thinks and we agree that it would be preferable to set up another smaller commission, of which the chief justice is prepared to accept the chairmanship, to deal with this question of criminal sexual psychopaths alone.

My suggestion would be that we pass the clause in its present form upon the understanding that it and the other clauses under this heading will be reviewed when we shall have received the report of that second commission.

I am sure my hon. friend, or anyone else who has had to do with this problem, will agree that it is an extremely difficult matter. We think that by far the best way to deal with it is to get a small body of really expert advisers to consider it, and then give the most careful consideration to the report they bring in. I should be glad to know from my hon. friend, with his long experience in this field, whether he does not agree with that view.

Mr. Nesbitt: I most heartily agree with the minister's answer that a royal commission is to be set up to study this matter of criminal sexual psychopaths. I made the suggestion some time ago in the house, and I am delighted to hear that the minister has taken it up.

There is one other comment I should like to make in regard to this matter. Regardless of what the report of this commission may be, I still think it is very dangerous to depart from the old, time-honoured principle of criminal law that a man should be tried by a jury, particularly when it may result in his being put away, possibly for life. While I agree with the minister that in certain circumstances a judge may be more competent to deal with the facts, particularly technical facts, nevertheless when a person's liberty for the rest of his life is endangered I cannot help feeling that a jury ought to have at least some say in the matter; otherwise it may be the thin edge of the wedge. If we do it in one case we are apt to start doing it in another; and before long trial by jury, which we have had for generations and generations, and which is one of the cornerstones of British justice, may begin to slip away from us. I just thought I should make those comments. I agree in principle with the minister's remarks.

Mr. Garson: There is a point that I should clear up as we go along. I am in complete agreement with my hon. friend as to the vital importance of maintaining the jury system in general. I am entirely in agreement with all the efforts that are made to protect those civil liberties and rights of the individual citizen, even of the worst criminal. But while still retaining a quite open mind on this subject and being quite prepared to review this matter in the light of any report upon it that might be brought in by a royal commission, I would be inclined to think that this type of prisoner would get at least as favourable a chance from a judge who having dealt with other cases of this nature might have perhaps a better understanding of the nature of the man's troubles and the disease that was afflicting him. The facts of these cases are not very pleasant as a rule. The judge could and likely would be at least as fair to the prisoner as a jury might be.

Mr. Nesbitt: Will the minister permit one question?

Mr. Garson: Yes.

Mr. Nesbitt: I was not thinking particularly of criminal sexual psychopaths but of people who are habitual criminals, and who would come under this clause as well, I believe.

Mr. Garson: Yes, that is right. Perhaps a distinction could be made. The ultimate

decision might be to draw a distinction between the two groups; but in the meantime I cannot see any objection, and I do not think my hon. friend can either, to letting this section go through in its present form upon our undertaking, which I have given before now, to give the most careful consideration to the report when we receive it.

Mr. Nesbitt: I agree with the minister, but I would just like to illustrate what I mean, particularly with respect to the habitual criminal. Clause 660 (2) (a) reads:

> He has previously, since attaining the age of 18 years, on at least three separate and independent occasions been convicted of an indictable offence for which he was liable to imprisonment for five years or more and is leading persistently a criminal life—

Then he is liable to this sentence of preventive detention. There might conceivably be a case where somebody made an application under this section, and there might very well be three separate convictions on indictable offences but they might not be serious. I think in that case a jury would be better, because we all know that some judges are more severe than others. Perhaps the minister would take into consideration some change in the future with respect to the habitual criminal part, having that done by a jury, whereas probably the other part could be done by a judge because in a sense we are dealing with an illness rather than crime.

Clause agreed to.

On clause 663—*Evidence of character and repute.*

Mr. Enfield: The words "persistently leading a criminal life" appear in this clause, as they do in clause 660 which deals with habitual criminals. I should like to know the legal effect of those words. Do they not boil down to this. If a man is convicted of three offences he may be considered to be an habitual criminal, but I am wondering if it means something more than that. It seems to me that you should not be held to be leading a criminal life unless you have first been convicted of some sort of crime. It seems a little confusing the way it is worded and I should like to know the history of this particular wording and its legal effect.

Mr. Garson: To begin with, I think it should be emphasized that the purpose of this clause is to indicate that evidence as to character and repute may, where the court thinks fit, be admitted on the question whether the accused is or is not persistently leading a criminal life or is or is not a criminal sexual psychopath, as the case may be. That provision for evidence is made available both to the crown and to the accused. When an accused is charged under this section he may take the position, "That is not so. I am going to bring evidence to indicate that this charge is unfounded." Clause 663 provides that either the accused or the crown may bring evidence on that point. But the charge that has to be proved is still the charge under clause 660. The crown has to bring the case within the provisions of clause 660 before it can establish a case against the accused.

Clause agreed to.

On clause 664—*Commencement of sentence.*

Mr. Winch: I should like to speak on this clause. When I was speaking on clause 660 I mentioned 666, but I deliberately left out any reference to 664 because I was afraid if I brought it in at that moment it might be confusing. Now that we are on clause 664 I hope that I can convey to the minister just what I have in mind.

Under this clause when a man is convicted and sentenced for a criminal offence and then following that is sentenced as an habitual criminal, the governor in council may commute the sentence for which the man was arrested and start the sentence on the habitual criminal charge from the day he goes to jail. That brings me to my first point.

The actual administration of justice comes under the provincial authorities, as do the jails. When a man is found guilty on a charge and then also found guilty under the habitual criminal section of the code, is the Minister of Justice notified immediately so he can consider the case and recommend as to whether or not the provisions of 664 should be applied and the preventive custody start from the commencement? If that is not done —I hope the minister will point that out, because I understand it is not—then this section does not mean anything.

Unless the man who is convicted has money, has a lawyer, or has friends who understand the Criminal Code and can make the necessary application, this provision means nothing. I would appreciate information as to how often this section has been used. At the end of three years the Minister of Justice shall review the situation. May I just follow up from that and say—

Mr. Garson: If my hon. friend wants me to answer some of these questions he had better give me a chance or I will forget what they are. I take it that his question is whether we are advised when a prisoner goes to prison to serve a certain definite period with an indeterminate period thereafter. We are certainly advised if he goes into a penitentiary, because the penitentiaries are operated by the Department of Justice. So far as the provincial jails are concerned, when a prisoner goes into custody in them

we receive advice in due course, and are in a position to exercise the provisions. Moreover, in most cases, if there is any desire on the part of the prisoner to apply for that privilege or that commutation his counsel will see to it, or he himself will write and ask that his case be considered.

Mr. Winch: As the minister says, the penitentiaries come under the Department of Justice and the minister or his officials would automatically hear about it. Just suppose the officials hear that a man somewhere in Canada has been sentenced on an arresting charge and also under the habitual criminal section. Do you then automatically make that review to see whether you should exercise the provisions of section 664? It seems to me that ought to be done automatically. I think that information should be available.

Mr. Garson: First I should like to make a correction. I said a moment ago that if the accused went to a provincial institution we would be informed. The fact is that he never does go to a provincial institution because all of these cases go only to the penitentiary. My information from my assistant, who is head of the remissions branch along with his many other duties, is that when the prisoner goes to a penitentiary we open a file at once. We get about ten thousand applications for pardon a year, and a file is opened in every case. The decisions reached in connection with these cases are based upon reports by the trial judges or magistrates, by the police, and by the wardens of the penitentiaries or jails.

Mr. Winch: I have one other question on this point, Mr. Chairman. When clemency —and I believe I use that term correctly— under clause 664 is not exercised, and the arresting sentence is served, does the justice department or the remission branch, to which I presume the application goes, automatically know that the sentence has been served and that the criminal is starting on a sentence as an habitual criminal, and therefore submit to the Minister of Justice that the prerogative as to clemency should now be exercised? Is that automatic, or does the person in jail have to rely upon his counsel or a friend to handle this matter?

Mr. Garson: The answer is yes, it is automatic.

The Chairman: Shall the clause carry?

Mr. Winch: Before this clause is carried, Mr. Chairman, I would like to ask through you—though I do not want to hold up the committee—if the Minister of Justice will check on his statement and investigate this question in regard to habitual criminals. I know in British Columbia—

Mr. Garson: Mr. Chairman, I rather resent my hon. friend's suggestion. I told my hon. friend that I had with me the head of that department and I was able to check that statement. He assures me that it is automatic. Cases of this sort, and there are not very many, are dealt with automatically. I have no objection to checking, but I think my hon. friend in the meantime at least should take my word for it.

Clause agreed to.

Clause 665 agreed to.

On clause 666—*Review by Minister of Justice.*

Mr. Dinsdale: Mr. Chairman, this clause states that:

> . . . the Minister of Justice shall, at least once in every three years, review the condition, history and circumstances of that person . . .

—and so on. That refers to the habitual criminal, and I would like to know what information and advice the minister receives in reviewing these cases. For example, is there a parole group within the penitentiary which supplies information on the progress made by an habitual criminal? In addition, what sort of remedial work takes place with regard to the habitual criminal?

Mr. Garson: I have no objection in the world to going into this question, but these really are matters which might more properly be raised on the estimates of the Department of Justice. This debate relates to the wording of Bill No. 7, to which we should be addressing our remarks. However, though I have no objection to answering any hon. friend's question, I might add that it would take me 15 to 20 minutes to cover the ground at all comprehensively and would involve an explanation of the whole of the rather elaborate system we have in our penitentiaries to take care of persons from the time they enter.

We have classification officers in our penitentiaries who are trained psychologists—university men. When the prisoner comes into a penitentiary a file is opened up for him and a card index folder is maintained. Full particulars of his background, family life and everything of that nature is filed in the same way quite a number of enlightened industries check upon their employees as to their aptitude, and so on. A classification officer is in constant contact with the prisoners who are under his care. When we come to consider the question of the

prisoner's release these particulars which the classification officer has of the prisoner form some of the more important material which we consider.

We check as to how the reformation which we have tried to achieve in the penitentiary has progressed, and whether it would be safe in the prisoner's own interests to release him. We have on his file the report of the convicting judge, the police report, and a report from the superintendent of the penitentiary as to the record of this prisoner as a prisoner. In addition we have a report of the psychologist who is his classification officer as to developments in the prisoner's character in the penitentiary and the prospects of his making good if released. It is only after full consideration of all these factors that we reach our decision as to whether to remit any portion of the prisoner's sentence. It is also in relation to that record and to his aptitude or interest that he is permitted to take up various training courses within the penitentiary.

We have found that we have now reached the point where those who have taken training courses in the penitentiary have upon release established themselves, in 80 per cent of the cases, as good citizens. That is a very high rate indeed. My hon. friend can see when he asks a question of this sort that in order to give any adequate answer at all we would have to cover subjects which should not really be discussed while we are on this bill.

Mr. Dinsdale: I think the minister was discussing remission in general terms, but I would like to know whether the habitual criminal constitutes a special case, and whether he is subjected to the program which the minister just outlined.

Mr. Garson: Those who go in as criminal sexual psychopaths or as habitual criminals are a most difficult type and obviously constitute special cases. They are given special attention, but their reformation is not any easy task. It is not always possible to achieve the results for which one would hope. But a really sincere effort is made.

Mr. Nesbitt: I would like to ask the minister two questions. I will ask the first one and dependent upon the answer there may be no necessity for the second.

Mr. Knowles: There is nothing like being hopeful.

Mr. Nesbitt: Under this clause the Minister of Justice shall at least once in every three years review the circumstances of the case. That might be suitable at the present time, but the Criminal Code may not be reviewed again for many years, and looking into the future I can envisage a situation when this provision might not be quite so suitable. Is there a provision under the code under which a person who is in prison for a sexual offence might through his counsel make application to a judge of the supreme court for a review of his case?

Mr. Garson: He cannot make application to the supreme court.

Mr. Nesbitt: Or to the minister of justice?

Mr. Garson: The foot of the throne is always accessible to any person who is seeking mercy. Any of these prisoners can at any time make application for a review. Of course if he made an application every two weeks then it would not receive a great deal of consideration. But this provision in this section of the code which we are discussing is mandatory. No matter how busy or preoccupied we may be we must make a review of the case every three years. But in addition to this mandatory consideration the prisoner can write a letter in longhand himself at reasonable intervals and say, "I feel I am making progress, and I would like you to consider letting me out." In this form of application he would get the same kind of consideration as if he had the most expensive lawyer available.

Mr. Nesbitt: I wonder if the minister would consider the very special circumstances which come under part XXI, and in addition to the normal review which takes place every two years under this clause introduce another form of application of which the prisoner could take advantage. In other words, the section might be widened. As it is now, there is a review once every three years, but in addition the section might be widened so that the person could make an application to a judge of a superior court. Then his case would be reviewed by a judge as well as by the minister of justice. It is just an extra precautionary method.

Mr. Ellis: Can the minister give us some information with respect to the review provided for under this section? Can he tell us how many prisoners were permitted to go free as a result of the consideration given under this section? Has he any figures to indicate to what extent the section is used?

Mr. Garson: We have in the whole penal system of Canada twenty-seven habitual criminals and sixteen criminal sexual psychopaths. Therefore you can see that the volume of applications, from that comparatively small number of prisoners in a nation of some 14,500,000 or 15 million people, is not large. With respect to applications for remission

that have been made in relation to this small group, we have not seen fit so far to release any of them.

Clause agreed to.

Clauses 667 to 679 inclusive agreed to.

Schedule to clause 679 agreed to.

Clauses 680 and 681 agreed to.

On clause 682—*Where conviction or order not reviewable.*

Mr. Knowles: When one compares clause 682 with the corresponding part of section 1129 one sees that there seems to have been a slight change. That change turns up in these words in subclause (a) —"whether or not the appeal has been carried to a conclusion". What is the significance of those words, and does that addition subtract anything from the rights of a convicted person?

Mr. Garson: The effect of the words to which my hon. friend refers is that where an accused has taken an appeal and the appeal is pending he may not apply for *certiorari*. In other words, if he chooses the appeal method and launches his appeal, then clause 682 provides that the appeal must be completed before he can apply for *certiorari*. To that limited extent it deprives him of the privilege of making an application for a writ of *certiorari* while his appeal is still pending.

Mr. Diefenbaker: As a matter of fact it goes further than that. I know the case upon which this amendment must be based. It is the case of Rex *v.* Irons. In that case counsel for the accused launched an appeal. The appeal was to the wrong court and therefore was withdrawn. *Certiorari* proceedings were taken which resulted in the quashing of the conviction. The court in that case expressed the view that once notice of intention had been shown by the appellant that he wished to proceed by way of appeal he could not afterwards have a second bite at the apple and determine that he might be more successful if he went ahead by *certiorari*. It covers not only the case the minister mentions but also the case of an appellant who launches an appeal and then decides that he might be better off not to have the case reviewed by the court of appeal and that he might very well rely on some technical objection. He then decides to take a second chance.

Mr. Garson: My hon. friend is quite right. His supplementary answer is very helpful.

Clause agreed to.

Clauses 683 to 689 inclusive agreed to.

On clause 690—*Successive applications for habeas corpus not to be made.*

Mr. Knowles: I want to say a word on this clause which has to do with habeas corpus. If I may be pardoned for making a personal reference, every time habeas corpus is mentioned I am reminded of a discussion we had on the matter in the house one time when the late Humphrey Mitchell was with us. He greatly enjoyed making the suggestion that I was the best example of habeas corpus he had ever seen. Of course all of us who remember Humphrey Mitchell will know that he said it in a very kindly way.

I note that clause 690 is new. As I understand the situation, formerly it was possible under the common law for a person to go from one judge to another making successive applications for a writ of habeas corpus. Am I correct in understanding that the purpose of the new clause is to do away with that? If so, why has it been changed?

Mr. Garson: My hon. friend is right in saying that there was a practice in some of the provinces of Canada and in Great Britain whereby an applicant for a writ of habeas corpus could apply to one judge and if he did not succeed he could, upon the same set of facts and law, apply to another judge. If he was again refused he could apply to a third judge and so on until he had applied to every judge of the court. However, this privilege was not uniform in all the provinces. In the province of British Columbia they had what I think is a more rational system, and the one that we are proposing to adopt here. In British Columbia they had a provision for an appeal from the decision of the judge refusing a writ of habeas corpus. The prisoner could take an appeal to the court of appeal in that province, and there the appeal would be heard in the same way that appeals from other judgments of the trial court are heard.

Mr. Diefenbaker: Most provinces do not have any right of appeal with respect to habeas corpus. That is why you can go from one court to another, is it not?

Mr. Garson: That is right. I thank my hon. friend for his interjection. The privilege of going from one judge to another was not confined only to provinces of Canada but applied to Great Britain as well. In those jurisdictions where persons could go from one trial judge to another they did not have the right of appeal. In British Columbia, where they had the right of appeal, that was the remedy they had to pursue. The case of In re Fred Storgoff (1945) S.C.R. 526 was decided in 1945. The Supreme Court of Canada held in that case that where a writ

of habeas corpus is applied for, as a civil remedy which the British Columbia statute purported to regulate, but applied for in connection with a criminal proceeding, the fact that it was applied for as a step in criminal proceedings gave the application for the writ of habeas corpus a criminal character. Since such a habeas corpus was of a criminal character, only the parliament of Canada could legislate with regard to it under its power to deal with matters relating to the criminal law. Therefore this right of appeal which the British Columbia statutes purported to give in relation to a habeas corpus judgment in a criminal matter was beyond the power of the British Columbia legislature to give, and the right of appeal was inoperative and void.

Now the Storgoff judgment put British Columbia back in the same position as those provinces of Canada in which there was no appeal from the judgment of a trial court judge in a habeas corpus application. The thought behind the present section is that it is wiser to provide for the prisoner the right to apply to a trial judge, and if he is refused a writ of habeas corpus then he can take his appeal to the appeal court where a panel of appeal court judges will consider his appeal on its merits. It was felt this procedure was preferable to having the prisoner apply to trial judge A, then to judge B, then to judge C, then to judge D, all equal in status as trial judges, and perhaps arriving at the conclusion that after three or four judges have rejected his application for habeas corpus, the last one will grant it and thereby in effect overrule the majority of his colleagues who had refused the application.

Mr. Diefenbaker: Not to overrule them.

Mr. Garson: Not to overrule them perhaps in a strict sense, but he grants an application on the same material upon which his brother judges have rejected it. From the standpoint of creating respect for the administration of justice, this present clause provides for a much more orderly procedure. For if what in effect are appeals are going to be taken, it is more orderly and proper to have those appeals considered by the court of appeal which is set up for that purpose and in which they are considered by a group of judges, than it is to have them considered by a succession of brother trial judges of the judge of the trial court who turned the habeas corpus application down in the first place. That is the reason for this new provision. We think it is a better provision in the interests of everyone, including the accused, than the present system.

[Mr. Garson.]

Mr. Nesbitt: This clause 690 is rather related to clause 691, in view of the minister's explanation. It seems to me that throughout the latter part of the code there has been an increasing tendency on the part of the framers to use expediency rather than some of the older principles of the code. I go along with what the minister has said about an appeal going to the court of appeal; that is fine. But writ of habeas corpus proceedings under this clause are very unusual and extraordinary remedies. Usually the time element is one of the most important factors in considering this remedy. It is all very well to give the right of appeal to the court of appeal, but by the time the appeal is heard the importance of the time element may have been completely sacrificed.

Mr. Garson: If my hon. friend will look at clause 691 (3) he will see that the point he now raises is fully covered.

Mr. Nesbitt: Yes, there is mention of it being heard in seven days. Even seven days sometimes is too long when it is a matter of urgency; two or three days might be of importance. I agree with the minister that the old practice of going from judge to judge might be embarrassing to some of the judges who had been visited and who had not granted the relief, but this is an extraordinary remedy that is only used in unusual cases where the time element may be of the utmost importance. I feel that no useful purpose would be served by eliminating the right of a person to go from one judge to another if it is necessary. If the circumstances did not merit the writ of habeas corpus being issued, the judges would keep on refusing. In these borderline cases, one or two judges may refuse and the third one might say yes.

Mr. Garson: May I ask my hon. friend a question?

Mr. Nesbitt: Yes.

Mr. Garson: Does my hon. friend, as a crown prosecutor, think it is a good plan to give the last of five judges the power, in effect, to overrule the decision of the four judges who have preceded him in refusing the application?

Mr. Nesbitt: My experience as a crown prosecutor was limited to a period of about two years some little time ago. I agree with the minister that in some cases it might not be a very good policy to have to go to the fifth judge, who would be the one to grant the writ. It may very well be that it would not be the fifth judge but it might be the

second judge who would grant the writ. It is an unusual and extraordinary situation, and one judge can say yes or no. The time element is an important factor in these cases, and I doubt very much if seven days would be of much help. These applications are not so usual that any real harm is going to be done by leaving the Criminal Code as it was so that you could go from judge to judge. I do not feel I can agree with this section.

Mr. Knowles: There is one point which might be mentioned before we leave this clause. I am sorry, the point I want to comment upon deals with clause 691. Perhaps I should wait.

Clause agreed to.

On clause 691—*Appeal in habeas corpus, etc.*

Mr. Knowles: The point I want to make is that I think a bouquet should be extended to our own House of Commons committee at the last session for having added subclause 3. I believe it was not there when the bill came from the Senate. The minister a moment ago cited subclause 3 as making the change more palatable than it otherwise was. I am sure he is glad to have the credit given where it is due.

Mr. Garson: My hon. friend is entirely correct. The difficulty of the time element mentioned by the hon. member for Oxford was threshed out in the committee and the seven days inserted in this clause. It provides summary justice.

Clause agreed to.

Clauses 692 and 693 agreed to.

On clause 694—*General penalty.*

Mr. Diefenbaker: I want to speak on clause 694, to which I made reference the other day. This clause provides in part:

> Except where otherwise expressly provided by law, every one who is convicted of an offence punishable on summary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

I am rather surprised that a considerable change was not made in this clause to follow the practice in other jurisdictions and also to follow the recommendations that were made by the Archambault commission. In other words, we have still retained in our law, in effect, imprisonment for debt. It is on that matter I wish to speak at some length and to refer to the report of the Archambault commission as well as the practice of the United Kingdom. I brought this matter up some years ago, I think it was in 1947, and referred to the same question again two or three weeks ago.

In various newspapers in the country on those occasions widespread support was given to the argument I advanced that, where an offence has been committed that merits only the imposition of a fine, no one should be imprisoned because of his inability to pay that fine, and that the onus should be upon the crown not to stigmatize that person by an alternative in jail simply because of the fact that his financial condition denied him what was available to those in a better financial position, namely the payment of the fine and by this means avoiding imprisonment.

This clause is one that has been with us for many years. It used to be regarded as normal that if a person could not pay a fine he should be imprisoned. But for many years that has not been the view either in Great Britain or in most jurisdictions in the United States.

In other words, in my opinion it is an essential part of our system of justice that every person, regardless of his financial capacity, shall have equality before the law. And I feel that this clause, which makes provision for an alternative of imprisonment in lieu of payment of a fine, is simply a relic of the past, and denies that humane administration of the law that is characteristic of all legal systems today that follow the British doctrine of punishment and reformation.

In 1914 the parliament of the United Kingdom in effect abolished this practice. If anyone reads the debates of that time—and it is now forty years ago—he will find that the law lords, the legal authorities in the House of Lords, as well as some of the outstanding lawyers in Britain, pointed out how unjust and unfair a continuance of that relic of the past actually was, whereby inability to pay a fine had as its consequence an unfortunate period of imprisonment for the individual.

Chapter 58 of the British statutes of 1914 made provision whereby any person against whom a fine was imposed was permitted, in the event of his inability to pay such fine at the moment, to pay it by instalments.

This was the law until 1934-35, when a further change was made. I am not going to read the sections. I shall merely designate their numbers so that hon. members may be able to find them. In 1935 this further provision was made:

> Where a court of summary jurisdiction adjudges a person to pay a sum by a conviction and allows time for payment, the court shall not on that

occasion impose on the defendant a period of imprisonment in default of payment of that sum: Provided that this subsection shall not have effect where the court on that occasion and in the presence of the defendant determines that for special reason, whether having regard to the gravity of the offence, to the character of the defendant or to other special circumstances, it is expedient that he should be imprisoned without further inquiry in default of payment.

In other words, anyone who was in the position of having the ability to pay, or belonged to that parasitical class who endeavour to live by their wits and at the expense of others, must pay; but, with the exception of those classes, imprisonment should not be imposed in default of payment of the fine, unless upon inquiry it is shown and proof is provided that the person in question is able to pay his fine.

I am sure all of us who have read Dickens' story about Little Dorrit will realize that, actually, what we are doing in this twentieth century, by imposing imprisonment in default of payment of a fine, is in effect a continuation of that to which Dickens had reference when he dealt with the deplorable situation then prevailing in the prisons.

Mr. Macdonnell: And from which his own family had suffered.

Mr. Diefenbaker: As the hon. member says, there was a personal feeling in what he wrote. It was based on experience.

The result of the changes that have taken place in the United Kingdom has been to reduce the prison population of Britain, as compared to ours, to an extent almost beyond comprehension. While I have not the exact figures here, I believe I am speaking with reasonable certainty when I say that the number imprisoned in Canada today is almost three times that in Britain, despite the fact that our population is only one-third of Britain's.

It is most interesting to see what happened after the British parliament abolished this practice, iniquitous in its results and detrimental to good citizenship in that many a person whose only offence was that of poverty suffered the indignity of imprisonment.

What happened in Britain was this. In 1913 the number imprisoned for default in payment of fines was 79,583. By 1923 that had fallen to 15,261. Then came the amendments of 1935, as a result of which the number in prison in 1938 stood at 7,936.

One of the briefs presented to the special committee was to the following effect:

We believe that it is time a similar provision were made in Canada for payment of fines on time. Everyone in Canada is supposed to enjoy equal rights under the law. It can hardly be said that this is so when people have to serve jail sentences because they are not financially able to pay fines, except on instalments.

The Archambault commission in 1938 went into this matter in detail. I shall quote from page 167, so that the record will be reasonably complete. It states:

The attention of your commissioners has frequently been drawn to the large number of persons who are annually committed to jail for non-payment of fines. The number shown by the Canadian criminal statistics for 1936, to have been sentenced to jail with the option of a fine was 9,593, but statistics are not available to show how many of these served sentences in jail.

Under the provisions of the Criminal Justice Administration Act passed in England in 1914, the court is obliged to allow time for payment of fines and for investigation of inability to pay.

Farther on, we get this quotation:

The matter was the subject of an extensive investigation and report by a departmental committee in England in 1934. The report resulted in the enactment of the Money Payments Act (Justices Procedure Act) of 1935.

I made reference to that act a moment ago. I continue:

The act makes further provision for the investigation of the means of the defaulter before imprisonment . . . The statute provides that no one is to be sent to jail for non-payment of a fine unless it can be shown that he might reasonably be expected to pay such fine. This act came into force on January 1, 1936, and the results of its first year of operation are shown by a substantial reduction in imprisonments for non-payment.

Then it sets forth the statement that was placed on the records of the House of Commons in the United Kingdom by the then home secretary, Sir John Simon, afterwards Lord Chancellor. He pointed out that the number of persons imprisoned in 1935 in default of payment of fines was 16,567. In 1936 it fell to 11,623. This change would bring about some of the penological advances that have been made in other countries. It is no encouragement to crime. I am speaking of the person who is fined $5 and costs. May I give an example. Many years ago I happened to go into a police court where a number of men who had no work were charged with an offence. They were each fined $5 and costs or in default thirty days. They were respectable men, unable to work because no work was available. They were willing to work. In addition to the thirty days, they were fingerprinted, and because of the social attitude of all of us toward those who have been convicted for offences and sentenced, the futures of these men were undermined. Their only offence was that they could not pay a picayune $5 fine. What did the Archambault commissioners recommend? This is what they recommended:

Your commissioners recommend that the principle embodied in these English statutes should be introduced into Canada.

Imprisonment for non-payment, when the convicted person has not the means or ability to pay, is, in fact, imprisonment for poverty. The injustice of such a law is patent. The poverty-stricken man is

punished more severely for the commission of the same offence than the man with means. Your commissioners are of the opinion that many recidivist criminals often receive their first education in crime upon being committed to prison for non-payment of fines.

Mr. Chairman, that conclusion of a commission composed of learned and able men is a terrible indictment of our system of imposing imprisonment because of inability to pay fines. Let me repeat it:

Your commissioners are of the opinion that many recidivist criminals often receive their first education in crime upon being committed to prison for non-payment of fines.

I simply place that before the minister. I feel that many of the recommendations and changes made in the Criminal Code are worthy and necessary, but I do believe that this is one responsibility that the commissioners could not accept; for in reality they were not to establish substantive law. That is the manner in which they interpreted the commission that they had. In large measure the changes that they made neither create nor diminish responsibility.

The committee should give most earnest consideration to this matter. I know there are some magistrates who, when an accused comes before them, on occasion grant time to pay, but they have no authority to do that. They are but the few compared to the many. The reductions in the numbers of those who were imprisoned in the United Kingdom, when this provision came into effect, have not only had a beneficial effect on the individual but they have also had a material effect in reducing the prison population and the expense of maintaining prisons.

That is another argument I advance. By permitting people to pay fines on time the population of our prisons would be considerably reduced. By "prisons" I mean "jails"; and public funds would be saved in the process. With all the power I possess I place this matter before the committee and ask support on behalf of the proposition I advance, that we bring our criminal law up to date and that in this country we do not imprison individuals, against whom a fine of $5 or $10 would be sufficient, simply because they are unable to pay that fine.

Mr. Knowles: I wish to support wholeheartedly the plea that the hon. member for Prince Albert has made. He has stated the case so well that one does not need to repeat his arguments. He himself indicated that perhaps the strongest argument is the one contained in the report of the Archambault commission, and I hope that the minister will yet give consideration to altering the law so that we do not in fact send people to jail because they cannot afford to pay a debt—in this case the debt being a fine.

It seems to me, Mr. Chairman, that the case which the hon. member for Prince Albert has made is strengthened by a change which is included in subclause 1 of clause 694, which is now before us. I had something to say yesterday about the apparent effects of inflation, Liberal inflation, on the Criminal Code. Yesterday we had an instance where, because of inflation, the monetary figure had been doubled, but in this instance the former ceiling of $50 has been increased to $500. In other words, Mr. Chairman, under clause 694, subclause 1, there is even more chance that a person may be unable to pay a fine levied against him on summary conviction than was the case before. Previously such a fine could not exceed $50, but now this type of fine may go as high as $500. Thus I can see an even greater possibility of people being in the situation of not being able to pay the fine and having to go to jail.

Yesterday afternoon when we were discussing clause 623 I complained because a limitation was being imposed with regard to fines levied against corporations in respect to summary conviction offences. In defence of the limitation of $1,000 the minister suggested that summary conviction offences might in some cases be trifling and therefore it was proper to fix that limit. We are dealing now with cases that come under summary conviction having to do with individuals rather than corporations, and yet here the ceiling is being raised from $50 to $500 with the additional phrase, or six months' imprisonment, or both.

I support as strongly as I can the plea made by the hon. member for Prince Albert and I suggest that this tremendous increase in the amount of fine that may be levied under summary conviction strengthens the case made by the hon. member. I think that there is something to be said for the point that this would be a substantive change and therefore the commissioners can be pardoned for not having implemented the Archambault recommendation in this respect. But it does seem to me that the responsibility rests with the government, and in turn with parliament, to give more serious consideration to that recommendation.

Mr. Shaw: My colleagues are united in their request to the minister to give serious consideration to this matter. We feel that the hon. member for Prince Albert has put the case clearly and forcibly and therefore it is unnecessary to add to the arguments he has advanced. I repeat that we are absolutely

united in our view that the minister should grant this matter favourable consideration.

Mr. Macdonnell: Mr. Chairman, this seems to me to be a case where it is not necessary to have any experience in the administration of criminal law in order to feel entitled to express an opinion. I have listened to what has been said by the hon. member for Prince Albert and it does seem to me that the case he has made is really inescapable on the grounds of humanity and decency.

Mr. MacInnis: I can only say here what I said in the parliamentary committee when we were dealing with this matter, that it seems to me wrong that a person should be penalized with a term in jail if he has not the money to pay a fine. It really means that he is not going to jail for his crime; he is going to jail for not having the money to pay his fine. Surely this parliament ought to make a decision that the time has arrived when we will not allow a thing of that kind to exist.

Mr. Cannon: The hon. member for Prince Albert may have mentioned in his speech the point I have in mind, since I heard only the end of it. If subsection 2 is amended to take away the sanction for not paying a fine, judges may be more likely to condemn to jail immediately under subsection 1 rather than impose a fine.

Mr. Diefenbaker: I would not think that those charged with the administration of justice would be imprisoning when a fine would be sufficient.

Mr. Cannon: If there is no sanction for not paying a fine?

Mr. Barnett: Mr. Chairman, I should like to say at the outset that I agree with the views which have been expressed in regard to sending people to jail simply because they are not able through poverty to pay a fine, but after listening to the various speakers who have dealt with this subject I feel that there are one or two other aspects which have to be considered. To me at least that is where the conundrum exists in drafting a section of this kind.

I feel that in dealing with cases under summary conviction you have to consider, not only the class of people who through poverty are unable to pay a fine but those who are obstinate or careless or shiftless and who, unless there is some compulsion, will simply refuse to pay a fine. I think we have to consider the position of the magistrate dealing with that kind of person.

In respect to the raising of the maximum fine which a magistrate can impose, I have had some conversations with people who have experience in this sort of thing. I believe that we have to acknowledge that the inflation my colleague referred to does exist and also that the total in effect may prevent a magistrate from sending a man to jail. I know that there was a tendency when the ceiling was set at $50 for magistrates to feel that the maximum was merely a trifle to the person convicted, that he would simply pull a roll out of his pocket, hand over $50 and go out and commit the same offence again the following Saturday night.

Personally I feel that the raising of the ceiling under present conditions will tend to reduce the number of jail sentences which magistrates will impose. I do not profess to have a solution to this conundrum but I do feel we must consider the obdurate individual who without some proper form of compulsion may get around the paying of the fine.

Mr. Diefenbaker: The hon. gentleman who has just taken his seat says that there would have to be some compulsion. I would point out that there is provision for compulsion in the act in the United Kingdom. There is an immediate investigation for the purpose of determining ability to pay, the circumstances as to the enormity of the offence, the seriousness of it and evidence of repetition such as the hon. gentleman mentioned. In other words, the jail sentence is not mandatory upon failure to pay the fine. An investigation takes place immediately into the ability to pay and into the other circumstances referred to by the hon. member.

Mr. Garson: I should like to compliment the hon. member for Comox-Alberni upon his short but excellent contribution to this debate. We are dealing here with a matter in which the reforms we are introducing if they are going to be of any value must be realistic. As the hon. member pointed out, unless we have some method whereby some form of discipline can be imposed upon those who, not having too much in the way of worldly goods, break the law, the result would be that we would have no sanctions with which to compel observance of the law by that kind of person. My hon. friend from Prince Albert has painted a very interesting picture of the condition of Canadian law, and of the experience under, and condition of, the English law. I am sure that as far as he went it was most accurate. It was the truth, but it was not the whole truth by any manner of means—

Mr. Diefenbaker: Was the Archambault commission untruthful?

Mr. Garson: I listened with interest to my hon. friend's speech. Will the hon. member now please listen to mine.

Mr. Diefenbaker: Do not make the suggestion that the Archambault commission recommended that.

Mr. Garson: I am referring to the comparisons my hon. friend made between Canada and Great Britain. It is quite true that in Great Britain they have reduced their prison population by a very substantial percentage over the last 40 or 50 years. But I am sure my hon. friend from Prince Albert, upon reflection, would not wish to leave the impression with this committee that that reduction was in any sense solely attributable to the payment of fines by instalment in that country. I am quite sure he knows, though I regret he did not tell us, that the main contributing factor to the reduction of the prison population in Great Britain is a very thoroughgoing probation system under which they have the facilities to supervise, as he indicated a few moments ago, the arrangement and collection of these fine instalments. My hon. friend was then speaking in reply to the hon. member for Comox-Alberni. The British probation officers must examine the ability of persons to pay a fine. The only alternative to that is to say that if a man's income is below a certain figure he need not bother observing the law at all. He cannot pay a fine, you do not want to put him in jail, and so you allow him to be a privileged person.

The point I wish to make so far as Canada is concerned is that we propose under this present bill to continue the provision in our existing law under which magistrates are given wide latitude and can give time for the payment of a fine. One of the main reasons why that practice is not followed in this country is that we have no elaborate probation system such as exists in Great Britain and which provides the supervision necessary to administer the payment of fines by instalment.

Mr. Diefenbaker: The magistrate does it there.

Mr. Garson: They do it there upon the basis of information supplied by probation officers of whom there are large numbers, but we do not have anything even remotely approaching the same number here. One of the difficulties we have in this country to which my hon. friend pays no apparent attention at all is that under the unitary government of England the legislative body which passes the law largely enforces it, with the assistance of municipal law officers. In Canada the law we pass in this parliament has to be enforced by ten provincial administrations over a widely scattered area under conditions which are totally dissimilar to those of Great Britain. Comparisons between the two are not fairly drawn, especially when all the facts on each side are not placed before the members of this committee who are asked to make that comparison.

Mr. Diefenbaker: You should have read that lecture upon the findings of the Archambault commission.

Mr. Garson: Clause 625, paragraph 1, reads:

> Where a term of imprisonment is imposed in default of payment of a penalty, the term shall, upon payment of a part of the penalty, be reduced by the number of days that bears the same proportion to the number of days in the term as the part paid bears to the total penalty.

This clause should be examined in relation to clause 694, paragraph 3, which we are now discussing which provides that "a summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or at a time to be fixed by the summary conviction court".

I suggest, Mr. Chairman, that in any cases in which a fine or penalty has been adjudged to be paid by a magistrate under this summary conviction clause there is nothing in law which prevents him saying that the total amount of this fine shall be paid by the prisoner, "at a time which I hereby fix for a certain date in future." The accused then may pay part on account if he wishes, and if he has not paid the whole amount in full then he will be entitled to credit under clause 625, paragraph 1, which I quoted a moment ago, and for the amount that has been paid on account and there will be a corresponding reduction in the imprisonment that would otherwise have been served.

Mr. Diefenbaker: I would like to ask the minister a question. Suppose a person is fined $10 and he is able to pay only $5 and the failure to pay the initial $10 carried the alternative of 20 days in jail. Would he then serve 10 days in jail because of his inability to pay the remaining $5?

Mr. Garson: That is right.

Mr. Diefenbaker: That is still imprisonment for debt.

Mr. Garson: If it is a fine of $10 will my hon. friend say that under this clause time may not be fixed which will enable the accused to pay that fine? The clause reads in part:

> . . . shall be paid forthwith or at a time to be fixed by the summary conviction court.

I know that the corresponding section of the present law is not invoked very often, and I suggest one of the reasons for that is that summary conviction courts do not like to

take the trouble to make an order under this section. I see my hon. friend nodding his head in agreement.

Mr. Diefenbaker: Is it not a very good argument to have the clause say that, so they will not be able to evade the issue?

Mr. Garson: I would like to remind my hon. friend that, as I have stated on previous occasions in this house, where you have jurisdiction over the criminal law divided between a legislature which enacts that law and other authorities which administer it, all we can do here is to provide them with a law under which they will have a discretion. It is up to them to exercise that discretion. Not only is it true that the time can be extended and any money paid applied in reduction of the penalty of imprisonment, but under the heading of suspended sentence—this has no reference to fines—payment of costs or compensation, where those are applicable, can be made by instalments as a condition to the suspended sentence. In other words, in the absence of a thoroughgoing probation system in the provincial administration of justice in Canada, I think we have provided in this section all of the discretion which summary conviction courts are prepared to exercise with the facilities they now have at hand. If there is a real desire to give some time for payment, I think they could certainly do so under the law as it stands and as we propose to continue it in the new act.

That being so, it seems to me, under Canadian conditions and in view of our divided jurisdiction, that we have gone as far as practical conditions make possible. When it is represented to us by those who are responsible for the enforcement of the law that they want greater discretion than they now have we will certainly be very glad to consider it. But until that is done we have no reason to suppose, on the basis of the manner in which the present law is invoked, that any further discretion would be exercised to any extent.

Mr. Diefenbaker: Am I not right that the Canadian Bar Association, representative of the bar of every province in Canada, has recommended this change?

Mr. Garson: Well, if my hon. friend is right, that proves that the Canadian Bar Association is in favour of it.

Mr. Ellis: The hon. member for Prince Albert gave a very interesting example of a convicted person paying part of a fine and in lieu of payment of the balance serving a portion of the jail term. To my mind this brings out a very important principle, the question of the maximum fine of $500 or maximum imprisonment of six months. This implies that $500 cash is equal to spending six months in jail. If we believe in the principle of equality before the law, I think it is the height of absurdity, when a man is accused of an offence and convicted, to offer him the choice of paying $500 or spending six months in jail. Many a man can walk into a courtroom, be tried and convicted, take out a cheque book and write a cheque for $500 and walk out of court a free man. Other men who lack money go to jail for six months. In view of the quotation read by the minister a few moments ago, I should like him to tell the committee whether in his opinion the payment of $500 in cash bears any fair relationship to spending six months in jail.

Mr. Garson: Personally I do not think that it does. I certainly would not want to trade the one for the other. But I would point out to my hon. friend that his question has no element of reality to it. If he will read the section carefully he will see that it says:

> . . . every one who is convicted of an offence punishable on summary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

There is no suggestion in that section that, as the hon. member would have us believe, $500 is balanced against six months' imprisonment. All that the section says is that the top limit of the monetary penalty is $500 and the top limit of imprisonment is six months. But if a well-to-do person is in the dock and is convicted and the magistrate takes a dark view of the crime he has committed and the circumstances connected with it, it does not by any means necessarily follow that the magistrate is going to impose a penalty of $500 on him. He knows that would be no penalty at all, and under this section he can quite readily send him to jail for six months and on top of a $500 fine, which will be a very different thing.

Mr. Diefenbaker: They certainly would not be exercising very much discretion if they followed that system.

Mr. Garson: On the other hand, if the circumstances of the offence had elements about them which seemed to entitle the accused to some consideration and the accused did not appear to be well off the magistrate could impose a money penalty of anything from $500 down to $5 or less and not a prison term at all. After having imposed that penalty he could under this law give the accused time in which to pay it. If during that time the accused pays something on account of the penalty another section of the code says

that any penalty of imprisonment imposed in lieu of payment of the balance of the fine will be reduced proportionately.

What I wish to emphasize is that until we instal a system of probation in this country under which a provision of this sort will be administered in the way in which I agree with the hon. member for Prince Albert that they do it successfully in Great Britain, the idea that we are going to accomplish a great reform by amending the existing provision for the giving of time to pay is quite illusory for the cogent reasons which the hon. member for Comox-Alberni has stated.

So far as we in the department are concerned, we have an entirely open mind on the matter and are quite prepared to consider any amendment that will actually produce a real reform. But I suggest that if the law-enforcing authorities are going to keep track of a large number of people making payments of instalments on account of fines it is a very different thing to do it in the city of Manchester than it is, for example, in the town of Russell in my constituency, surrounded by a large rural area. Who are going to collect these instalments? If we can answer that question satisfactorily, have we not in the law as it is now a practical provision for time payment that can be applied in a practical manner? Can we not apply the law that we have now in a much greater number of cases if we really want to do it?

Mr. Ellis: The minister says that the magistrate may take certain factors into consideration, but that depends on the interpretation of the law by the particular magistrate sitting on a particular case. So far as Bill No. 7 is concerned, the law with which this parliament is concerned, irrespective of the various difficulties the minister has suggested would arise in collecting fines on the instalment plan, I suggest that much more serious consequences are involved on the other side of the picture in people going to jail. I suggest that for a great many Canadian citizens to be sent to jail under such circumstances in the next few years will be a far more serious matter than any difficulties that might arise in the collection of fines. I suggest that what the minister has said in no way upsets the validity of the statement I made previously, that while it is true a magistrate may impose a jail sentence and a fine—

Mr. Garson: Or both.

Mr. Ellis: Yes—"a fine of not more than $500 or to imprisonment for six months or to both." In other words, it is left wide open. The fact remains that under the law as it is proposed now persons in Canada will be brought before magistrates and tried and if convicted will be faced with the alternative of either paying a certain sum of money or going to jail.

I believe the comparison made with Great Britain might be all very well, but even if the question of what is being done in Great Britain had not been brought up at all, the validity of the argument presented here this afternoon would not be any less. When a man is tried and convicted of an offence he may be given the alternative of paying a definite sum of money or going to jail for a definite amount of time. If he goes to jail, he is going to jail not because he has committed the offence in the first place but because he was unable to pay the fine imposed by the court.

Mr. McIvor: The prisoner is not given any choice in the matter, Mr. Chairman.

Mr. Garson: In relation to the remarks just made by the hon. member for Regina City, I would point out that if he would examine the British legislation I am sure he would find that the court is given a discretion in those cases to decide whether the accused is able to pay, and should therefore pay forthwith, or whether he is not able to pay and, as the hon. member for Prince Albert said, should pay by instalments over a period of time. We have the same discretion in Canada. He can pay forthwith or he can pay at a time to be fixed by the summary conviction court. The only difference is that it is not spelled out that it can be paid by instalments. If the time is fixed far enough ahead, there is nothing in the world to prevent the accused from accumulating, at the same rate he would pay the instalments, the moneys that are necessary to meet that fine. Therefore I say that, while I respect the motives for the speeches that we have heard this afternoon, I do not think they take sufficiently into account that under our present Canadian law the courts can give time to pay the fine. Not only that, but after they have given the time, if the accused quite honestly has not paid up the full amount, then he gets full credit for everything he has paid on that amount.

I am not saying that this is perfect. If the administrative authority wanted to go to the trouble of collecting instalments and that sort of thing and had the officers to do it, I am not saying it might not be better to so provide; but the time to provide that will be when much greater advantage shall have been taken of the present provision than has been taken so far by the administrative authorities.

Mr. Ellis: Would the minister assure the committee, then, that the practice to be followed in the future will be that in summary convictions, in all cases magistrates will give the convicted person time to pay his fine.

Mr. Garson: I am very greatly indebted to my hon. friend for having asked that question because he has illuminated this whole matter with a great light. The reason, sir, I cannot give that assurance, and the reason for much of the difficulty that we have in connection with this matter, is that all we can do here is to enact the criminal law and make provision for the payment of these fines on time. But these magistrates are not appointed by this government; the prosecutors who act in these courts are not appointed by this government; we have nothing whatever to do with the administration of justice in these courts. We have no influence whatever over them. We can pass laws here until we are black in the face about the desirability of the instalment plan, but we could not, by the mere fact of passing these laws, give a guarantee that the objectives my hon. friends think are so desirable would be reached; that is the point.

Mr. Diefenbaker: That is no point at all.

Mr. Ellis: Then, this parliament can change the law.

Mr. Garson: I would be most delighted if I could give an assurance to my hon. friend that these acts would be done by those over whom I have no authority whatever. Constitutionally it is beyond my power to give such an undertaking.

Mr. Ellis: It is not beyond the power of this parliament to enact a section of the Criminal Code which will take away from magistrates the power to send a man to jail because he cannot pay a fine. That is within the power of this parliament. The arguments that the minister has used in the last couple of minutes are the best arguments given this afternoon for changing this code in the manner pointed out by hon. members on this side.

Mr. Croll: I was going to ask the minister a constitutional question, and one which he is able to deal with. It does lie within the minister's authority to set up a system of probation. Would he give us the approximate date when that might be set up?

Mr. Garson: I dislike disagreeing with the hon. member for Spadina, but I think he is confusing the system of probation with the system of parole. The system of probation is a system under which, when the accused is before the magistrate, the magistrate, instead of sentencing him to any penalty whatever, releases him on probation. Now, at that point in the accused's appearance before the court he has not come within any of our federal fields of authority at all. He is the subject of the administration of justice, a purely provincial function. It is only when he has had a sentence imposed upon him and he becomes either an inmate of the federal penitentiary system, which of course is under our authority, or the object of the royal mercy in the matter of the remission of his sentence, that he comes under federal jurisdiction.

At the present time, we have in our penitentiaries something which my hon. friend from Toronto Spadina seems to think of as a probation system. But our federal system is not a probation system; it is a parole system. We have had it in effect for some considerable time. Under a ticket-of-leave we release prisoners from our penitentiaries on the recommendation of the parole board to the John Howard Society, the Salvation Army, and other similar organizations. But these are prisoners who have been sentenced to prison and have thus come under our federal constitutional authority. They are released by us under that same authority.

But so far as the probation system is concerned, as I am sure the hon. member for Prince Albert would agree, it is a system under which instead of having a conviction registered or a sentence imposed upon the accused the magistrate binds him over under the probation officers to behave himself from that time on. All of this happens as part of the provincial administration of justice. Such a provincial probation system in Canada is the analogous body to that which in England has been responsible, as the member for Prince Albert has rightly said, for the great reduction in the prison population of Great Britain, and the great reduction in cost to the taxpayer. That is the body that looks after the collection of these fines on instalments and so on. I suggest that in order to make effective a law that we pass here for the payment of fines by instalments, it will be necessary to provide for it some such type of administration set-up.

Mr. Nesbitt: I was wondering if the minister would care to comment on the suggestion I should like to make with regard to subclause 3. The whole discussion might be obviated if subclause 3 were amended somewhat along the following lines:

A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or if the accused

is unable to pay forthwith, at such time and on such terms as may be fixed by the summary conviction court.

Mr. Garson: I would be quite willing to accept that suggestion. I doubt whether it will make much difference in practice, but in the light of what I have said this afternoon, there is no reason why we should not extend the discretion of the summary conviction court in the manner which has been suggested. And we can see what effect that will have.

Mr. Diefenbaker: Then, Mr. Chairman, mention was made by the minister that the system in effect in the United Kingdom could not be applied here because they had probation officers, and the like. The system of probation officers was not established in its present form until after the original statute passed in 1914. The British act reads as follows:

(1) A warrant committing a person to prison in respect of non-payment of a sum adjudged to be paid by a conviction of a court of summary jurisdiction shall not be issued forthwith unless the court which passed the sentence is satisfied that he is possessed of sufficient means to enable him to pay the sum forthwith, or unless, upon being asked by the court whether he desires that time should be allowed for payment, he does not express any such desire, or fails to satisfy the court that he has a fixed abode within its jurisdiction, or unless the court for any other special reason expressly directs that no time shall be allowed.

(2) Where any such person desires to be allowed time for payment the court in deciding what time shall be allowed shall consider any representation made by him, but the time allowed shall not be less than seven clear days.

That is the 1914 act. I had the 1935 act here, but I lent it to *Hansard*. I suggest that this clause be allowed to stand so that consideration might be given to the drafting of an amendment, as a first step toward a very necessary reform in our country. The long discussion regarding the distribution of authority between the dominion and the provinces was, to say the least, quite inappropriate, and inapplicable to the arguments I have advanced.

The discussion this afternoon has at least brought about a review of the situation. I suggest this is one of the most important clauses to come before us. The clauses dealing with murder and other serious offences will not have such general application. In other words, comparatively there will be very few of those serious offences. The large body of offences in this country is that body in respect of which a fine is regarded as sufficient penalty.

In so far as the criminal law is concerned, when a fine is sufficient, I was glad to hear the minister say that imprisonment should not be enforced. He referred to the subclause as it now stands:

A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or at a time to be fixed by the summary conviction court.

That clause as it now stands is honoured more in the breach than in the observance, simply because it is general and is not given ad hoc application, and in its present general form it has no actual mandatory application. Under the law in England, and particularly the 1935 amendment, the mandatory principle is applied. The minister has said that if a person were fined $10 with an alternative of twenty days, and could pay only $5, he would have to serve only ten days. Well, I do not think there is anybody in our country who wants to serve a jail term on instalments, or that the minister's suggestion helps the situation at all.

I cannot understand why my observations engendered such heat on the part of the minister because, after all, the generation of heat does not always bring light. I was glad the hon. member to my left, by his references, gave some illumination to the minister. I have tried to discuss the matter objectively. What I have placed before the committee represents a general demand with which I am sure the minister is in agreement. For this reason I suggest that this very important clause, applying as it does each year to more than 10,000 people in our dominion, deserves to be stood aside for the time being, to the end that, through a community of counsel, we may be able to arrive at some arrangement that would be satisfactory to the minister.

Mr. Garson: Did the hon. member hear the suggestion of the hon. member for Oxford?

Mr. Diefenbaker: I have not considered it.

Mr. Garson: Does my hon. friend agree with it?

Mr. Diefenbaker: I do not know, because I cannot say how far it went. I suggest that the terms of the English act be made applicable, to the extent that our conditions permit. The amendments in the United Kingdom were brought about through a committee of parliament with the assistance of Sir John Simon, one of the jurists of his time, who was at the time Home Secretary and who subsequently became Lord Chancellor. And with that community of effort in the British

House of Commons, with outstanding members of the department of the Home Secretary and of the British parliament, amendments were made that, after the experience of nineteen years, have been found to be effective and to have greatly reduced the prison population in the United Kingdom.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

The Deputy Chairman: Order. At six o'clock the committee was considering clause 694. Shall the clause carry?

Mr. Nesbitt: In view of the fact that the suggested amendment I gave to the minister for consideration might stand more careful study, I request that this clause stand.

Mr. Garson: What I suggest we might do is to take my hon. friend's clause and perhaps revise it slightly without changing its principle and bring it in when we meet on the next occasion.

The Deputy Chairman: Does clause 694 stand?

Mr. Barnett: Just before the clause is allowed to stand I should like to say a few words on two points. Perhaps the points I have in mind could be considered by the minister while the clause is standing. Earlier in the discussion, I believe, the minister himself suggested that one of the difficulties in regard to clauses such as this was that while this parliament can enact certain things we have no jurisdiction in enforcing the procedure. However, the point I should like to make revolves around the idea that by power of our suggestion, if by nothing more, we may have a certain effect on how these clauses are carried out and administered.

The first suggestion I have in mind is in relation to this matter of allowing payments to be made over an extended period, or to be delayed. It does seem to me that one reason which might deter a magistrate from entering into any arrangement for delayed payments is the trouble and the difficulty involved in making the necessary collections. What I am wondering is whether under subclause 3 of clause 694 there could be included some specific plan whereby the person on whom the fine had been imposed could assign more or less in the way garnishee orders are made for the deduction from wages or by an assignment that would be collectible from his bank account, or some such arrangement as that. If a plan of action were suggested in the subclause, a magistrate on reading it might be more disposed to follow through with that idea. I think he would be influenced in that regard if the clause contained a concrete suggestion that the magistrate could arrange with a person who had been fined to assign a portion of his wages, if he were regularly employed, or a deduction from his bank account, if he were self-employed, or something along that line. Could something like that be considered in any drafting that is done on this clause?

Mr. Garson: I question very much whether we would be warranted, in a law of general application of this character, in going into details of that sort. After all, that is part of the magisterial discretion. A magistrate is quite at liberty to make arrangements of this sort; that is a sensible arrangement. If he wishes to he can enter into those arrangements. But it is not customary to give direction of that sort in a law of general application such as this Bill No. 7.

Mr. Barnett: I have another point that I feel I should bring up here on behalf of one irate citizen of this country. I will explain it, and the minister can say whether or not this could be worked. This has to do with the fact that under this clause, when the person pays his fine, no provision is made for him to get a receipt for the money that he has paid in. As I say, I know of an instance where a certain irate citizen went so far as to go to the attorney general of the province about this, and he was informed that there was no provision. I believe it was something on the theory that his freedom was his receipt; but this particular citizen was not satisfied with that provision. He felt that if any agent of the crown was collecting money, no matter what he might be collecting it for, he should give the person who had paid that money a receipt. My question to the minister is: Could that be included, and if not, why not?

Mr. Garson: I do not think it should be included, and the reason is this. Both of these matters that my hon. friend has raised are pretty largely questions of administration. If the province concerned does not see fit to have a system under which its magistrates or clerks of court, and the like, give official receipts for all the moneys that they receive officially in the discharge of their duties, then it would be most unusual for us to direct in the criminal law of Canada that they should give receipts and the like. That is purely a matter of provincial administration.

Mr. Barnett: In other words, the minister thinks that it comes within the province of the attorney general?

Mr. Garson: Quite, and that distinction goes all through the piece.

Mr. Boisvert: Before this clause stands I should like to say a few words about it. I listened this afternoon to the many good suggestions from the other side of the house. I have been studying these suggestions, and in my humble opinion they will not help the administration of justice in this country. I have been practising law in the province of Quebec for twenty-five years and I have always found that the judges and magistrates had quite a lot of discretion in cases such as we were dealing with this afternoon. I have also found that in the exercise of their discretionary power the judges and magistrates have postponed their sentences to give the poor people a chance to pay their fines. Sometimes they have postponed them for one month, for two months or three months so that the poor people were able to pay their fines and had not to go to jail. Therefore I do not think that the suggestions made this afternoon would improve the administration of justice in this country, as I said before. I say that from the bottom of my heart because I have always been on the side of the poor people, the weak and the miserable. But when we are dealing with justice in a country like Canada I think we should respect the discretion of the judges and magistrates and retain the system we have been enjoying up to date and which after all has not destroyed the framework of our community.

Mr. Enfield: Mr. Chairman, there is something I should like to get clear regarding this procedure of allowing clauses to stand. I was under the impression that if we came to a clause on which it was expected there would be a great deal of discussion it was to stand in order that we might make progress with what we are doing. We spent a great part of this afternoon discussing clause 694 only to find when we returned this evening that it is going to stand anyway. My own view is that hon. members have had the utmost opportunity to express themselves concerning clause 694 and if it is allowed to stand we will only be repeating the process all over again at a later date. I would move that clause 694 pass as it stands.

The Deputy Chairman: My understanding is that the committee agreed that this clause should stand although not on exactly the same terms as those which have stood up to date. The Minister of Justice suggested that this clause stand until next time in order that a change in the wording might be considered and submitted to the committee.

Mr. Enfield: I think it was at the suggestion of the hon. member for Oxford that it stood, and I as a member of the committee certainly did not consent.

Clause stands.

Clauses 695 to 709 inclusive agreed to.

On clause 710—*Adjournment.*

Mr. Knowles: If I read this clause correctly it has the effect of doing away with a change which was made in 1948. Subparagraph (a) of subclause 3 of this clause provides that in certain circumstances:

—the summary conviction court

(a) may proceed *ex parte* to hear and determine the proceedings in the absence of the defendant as fully and effectually as if the defendant had appeared.

Section 718 of the former code was amended by section 20 of chapter 39 of the statutes of 1948 which provided in part:

—as if the defendant had personally appeared in obedience to such summons and had pleaded "not guilty".

Can the minister tell us the significance of those words "and had pleaded not guilty". Will he tell us why they were put in in 1948 and why they are being taken out now?

Mr. Garson: Both the existing section in the code and the proposed clause in the bill provide for summary conviction hearings proceeding in the absence of the defendant. When it so proceeds the crown will have to prove a case against the defendant and the provision that it should proceed as if he had pleaded not guilty is surplusage; for the crown certainly could not proceed as if he had pleaded guilty. The onus is always upon the crown to prove the case when it proceeds in the absence of the defendant.

Mr. Knowles: I realize that the minister was not here in 1948 when those words were put in. Does he know why they were inserted, in view of the comment he has now made?

Mr. Garson: No, I do not.

Mr. MacInnis: The sense is pretty much the same, whether they use the one set of words or the other.

Clause agreed to.

Clauses 711 to 716 inclusive agreed to.

Criminal Code

On clause 717—*Where injury or damage feared.*

Mr. Nesbitt: This clause is not greatly different from what it used to be but I cannot help feeling that this clause and the similar section in the code have omitted to correct a situation which has arisen not infrequently. Perhaps I could illustrate my point by giving an example. On one occasion the children's aid society in the city in which I live received a telephone call around midnight from a man who told them they had better come to get his children as he was going to shoot his wife and then commit suicide. There were several young children who had to be looked after.

The police were informed quickly and when they arrived there they found that fortunately the man's wife had not arrived home so he had not had a chance to shoot her, nor had he shot himself. But he appeared to have every intention of doing this, for a loaded gun was standing by the door. Apparently the wife was out committing some indiscretion. They were unable to do very much about it as the man in question had not threatened his wife directly. He had simply told somebody else that he was going to shoot her and they could not do anything about it.

He was held for a few days and I suppose actually the magistrate had no authority to do that. However, he was afraid to let the man out for fear he would carry out his threat. There have been several similar situations that have occurred and with which I have been confronted. This question of putting up a surety of $100, $200 or $500 to keep the peace means nothing to a person who has every intention of carrying out a serious offence like that.

In Ontario the administration of justice is helped somewhat by the provisions of the Ontario mental hospitals act, under which a person may be held for observation for sixty days when there is suggestion of mental illness. It rather cools them off. But where there is no question of mental illness and a person threatens to commit a crime, the situation is quite different. Another example would be line fence disputes out in the country where sometimes people get quite acrimonious.

I should like to see this clause stand and possibly the minister might consider an amendment which would permit a magistrate or a justice, upon evidence being presented that a person was likely to commit an indictable offence, to hold such person in jail for from seven to ten days, a sort of cooling-off period. It is quite difficult to administer the law as it stands, because a magistrate does not feel he can hold a man, while on the other hand he hates to let him go if he may possibly kill someone.

Mr. Garson: I suggest we let the clause stand and we will consider the matter.

Clause stands.

Clauses 718 to 742 inclusive agreed to.

On clause 743—*On question of law.*

Mr. Garson: Mr. Chairman, I would like to move that clause 743 be amended by adding thereto subclause 5, reading as follows:

The attorney-general of Canada has the same rights of appeal in proceedings instituted at the instance of the government of Canada and conducted by and on behalf of that government as the attorney-general of a province has under this part.

Mr. Winters: I so move.

The Deputy Chairman: The committee has heard the amendment proposed by Mr. Garson. Is it agreed by the committee that the amendment be carried?

Amendment agreed to.

The Deputy Chairman: Shall the clause as amended carry?

Clause as amended agreed to.

On clause 744—*Fees and allowances.*

Mr. Nesbitt: Mr. Chairman, on the matter of fees and allowances there are a few observations I would like to make. These are matters which previous committees have possibly considered, but I believe they are worthy of further consideration.

The Deputy Chairman: I wonder if the hon. member would agree to the committee carrying clause 744? That clause and the schedule thereto are treated as two separate items and if we carried clause 744 the hon. member could then perhaps address his remarks to the schedule.

Mr. Nesbitt: That is agreeable to me, Mr. Chairman.

Clause agreed to.

On the schedule.

Mr. Nesbitt: Mr. Chairman, I think it would be easier if we referred to this in terms of page numbers, since that would enable members to find more easily the items to which I wish to refer. On page 260 of Bill No. 7 item 25 deals with fees and allowances payable to witnesses. It seems to me, Mr. Chairman, that a $4 fee per day for a witness is not commensurate with the present cost of

living. If a person is a witness at a trial then it is my feeling that such a person should receive no fee at all, or they should be paid a fee which is commensurate with the loss of wages they would incur through their attendance at such a trial. I would like to suggest that that figure be doubled or set at the amount of, say, $7.50. Personally I would like to see it doubled.

Item 26 on this page deals with the mileage travelled to attend a trial and the fee covers the distance travelled each way. For each mile travelled there is an allowance of 10 cents. It strikes me there might be an additional provision there covering the full train fare of people who travel by rail.

Item 27 on the same page deals with interpreters and schedules an allowance of $2.50 for each half day attendance at a trial. That amount is ridiculous. This problem of interpreters is becoming increasingly grave all over Canada at the present time owing to the great number of new Canadians, particularly those who seem to be involved frequently in traffic accidents. Perhaps it is because they are not accustomed to driving according to our highway rules, or possibly it is because they are not accustomed to driving or having a car at all. However, that can be brought up at some other time. The fact remains that even in parts of Canada where interpreters were hardly ever necessary before they have now become necessary and in order to get an interpreter who can properly interpret the questions usually put at such trials we require people of some considerable education who are usually possessed of a fairly good job. They come into a court room and have to sit around for half the day before the case is called and—

Mr. Garson: Is the hon. member aware that he is discussing a summary conviction trial and not a trial in a high court?

Mr. Nesbitt: Yes, but nevertheless these people have to wait around and $2.50 for half a day of their services is I think ridiculously low. I believe an interpreter should certainly be paid a rate of $10 per day at the very least for attending these trials. I would suggest that item 27 be increased from $2.50 to $5.00 per half day.

These are the only items to which I wish to refer but I would like to say that before making these suggestions I did take the opportunity of discussing these fees with a number of people who are responsible for enforcing the law in the province of Ontario and the suggestions I have made met very largely with their approval.

Mr. McIvor: Mr. Chairman, supposing a man who is a mechanic is called as a witness or for jury duty and he is earning $2.17 an hour. Is it fair to ask such a person to attend court for eight hours for $4 per day when he could earn in the same time $16? I do not believe the hon. member's suggestion goes far enough and if it is to be raised at all a witness should get as much as he would earn if he were following his normal occupation.

Mr. Nesbitt: I quite agree with the hon. member for Fort William. I did not expect the minister would consider a suggestion quite as generous as that put forward by the hon. member, and in the belief that half a loaf was better than no loaf at all I suggested the lower figure.

Mr. Garson: I would like to address a few remarks now to those hon. members who this afternoon were so concerned about the position of a needy accused in a summary conviction court. These fees we are discussing here relate to summary conviction proceedings where the matters being adjudicated upon are often pretty trivial and no large amounts of money or very serious crimes are involved. These fees we are throwing around in our discussion are fees which will have to be paid by the accused if he is found guilty—the same man the payment of whose fine by instalments we were discussing for some time this afternoon. The fees which are set out in this list were not arrived at by accident or carelessly. They received lengthy and very careful discussion before the special House of Commons committee on the Criminal Code last year. This committee took into account the fact that in very many cases it would be quite poor people who will have to pay these fees on top of any fine which may be levied. It was fully realized that the allowance to a witness would not be as high as he himself could otherwise earn in his ordinary work, as my hon. friend from Fort William has pointed out. But in view of the fact that most of these summary conviction cases concerned humble and needy people, we thought it was not unreasonable to expect these citizens who come in as witnesses to make their attendance part of their contribution as citizens to the administration of justice at this level. Unless the provincial authorities are prepared to shoulder the great bulk of these costs rather than the parties to these summary conviction matters, it means that the parties to summary conviction trials, who for the most part are people in pretty humble circumstances, will have to pay a burden of court costs altogether out

of proportion to the issues in these summary conviction cases. To discuss the matter of the interpreter, for example, if this interpreter appears in a rural district he certainly will not be a person who is imported from any great distance for I agree that the fee that is indicated is certainly not exorbitant. On the other hand, if the costs are to be kept down that is about the amount that the traffic will bear. If he is in a city this amount can be charged in a case and there may be quite a number of cases in the police court in which he will appear as an interpreter in one day.

It was only after the most careful consideration by the committee that these fees were arrived at and although they do represent disadvantages in some respects, we think that upon balance it is better to leave them as they are. As a matter of fact, there is a typographical error in the amount at the bottom of page 260. I refer to item No. 29, "mileage travelled to attend trial, each way, for each trial, 20 cents". That should be 10 cents. I was going to move that the "20" be reduced to "10" in order to correct that typographical error. I would ask my colleague to so move.

Mr. Harris: I so move.

Amendment agreed to.

Mr. Nesbitt: I should like to make one brief observation. I would be quite willing to go along with the minister on the matter of witnesses because, as I have mentioned before, there has always been a fairly strong feeling that to appear as a witness is in the same category as jury duty. It is a matter of public duty. I can see the minister's point very well there, but with respect to the interpreter I feel that the amount for interpreters should be raised somewhat.

Mr. Barnett: Some of the remarks made by the minister may change slightly some of the things I had it in mind to say about this schedule. Like the hon. member who has just taken his seat, I am quite concerned about the fee of $4 a day for a witness. It would not even cover his out-of-pocket expenses if he had to be away from home, let alone reimburse him for his loss of pay. When I looked at the schedule I actually wondered whether or not it had been considered carefully by the committee. It struck me that the schedule was something that had been carried over from a different form of society than the one in which we live today, a rural type of society where to be absent for a day from one's normal activity on the farm, or whatever it might be, did not matter very much.

[Mr. Garson]

But I do know that there is a different attitude today, particularly in industrial centres. Wherever possible a man is going to try to avoid becoming a witness or being placed in the position where he will have to be a witness because he knows if he is called he is going to have to forfeit his normal income for that day. His pay cheque is going to be that much smaller at the end of the week. I know from my own observation that in a good many instances citizens will take pains to avoid having to be a witness. Whether that is because of a lack of appreciation of the responsibilities of citizenship, and is something to be frowned upon, I do not know, but at the same time we have to be concerned with the effective administration of the law. That leads me to refer to the first part of the schedule. I am not very familiar with all the phrasing and I hope the minister will correct me if I am on the wrong track, but I take it that the fees and allowances that may be charged by summary conviction courts under the first part of the schedule are the type of fees and allowances which accrue to the magistrate.

Here again it strikes me that the concept is a carryover from the days when the magistrate was the country squire and a man of independent means. I think that is not altogether true today. I think the discussion we had earlier today on summary conviction revealed how important it is that the offices of magistrates and justices throughout the country be filled by men of high calibre. Let me refer to items 9 and 10 in the schedule. Item 9 is "hearing and determining proceeding, $1." Item 10 is "where hearing lasts more than two hours, $2." I take it from that that the magistrate is being paid at the rate of 50 cents an hour for the time he spends on a preliminary hearing in determining whether or not the man should be committed for trial.

People have observed to me that there are cases where the magistrate has received the allowance of $1 and at the same time the accused is paying his lawyer $100 to defend him and get him off. Perhaps there are two lawyers each getting $100, and the magistrate who has to determine between the arguments of this high-paid talent is in the position where his take-home pay is $1.

In view of the importance of attracting men of experience and judgment to these positions, I think there is a very strong case for establishing a more suitable scale of reward for these men for the time they spend on these matters. Perhaps I am on the wrong track. If I am, the minister will correct me, but I think he will recognize the importance of what I am trying to get at.

Mr. Garson: Whether my hon. friend is on the wrong track depends upon the attitude that society takes towards the administration of justice in a local community. In England they have excellent justices of the peace, first-rate men in every way, who serve year in and year out for nothing at all and count it a great honour to do so. No person pretends that the fees allowed to magistrates of that type in any way compensate them in a manner which would appeal to a more mercenary man. But if the magistrate is appointed by a government that uses good discretion in its appointments, I have not the slightest doubt that in most communities it will be quite possible to find first-class men and women who will count it an honour to discharge with great competence the important function of the administration of justice in their community even if their fees are only nominal.

When it comes to magistrates who are professional, those, for example, who sit in the larger cities, and who try indictable offences without a jury with the consent of the accused, they of course handle a large volume of that type of work, and in all the cases I know of are paid quite substantial salaries because that is their only source of livelihood. But so far as these summary conviction matters are concerned, the whole philosophy of their disposition is that the people who act as judges will be substantial citizens in the community who will count it an honour, as they do in England and as they do in many places in Canada, to have the privilege of administering justice amongst people who in many cases cannot afford to pay high court fees. So far as my hon. friend's suggestion that the parties in cases of that sort are paying $100 a day to opposing lawyers is concerned, I am sure he will not resent my saying that his remarks disclose an unfamiliarity with the practice of law at that level.

The problem that we have here is a very difficult one. Everybody knows that these witness' fees and magistrates' fees are not adequate compensation for the time lost or work done. If they are made adequate, then it simply means that the disputes of humble people cannot be determined at all except at a cost which would be completely exorbitant for them to pay. This afternoon we discussed for an hour and a half how much time we are going to give a man to pay a $10 fine, yet we could easily enough run up to $40 or $50 in costs in connection with the same matters if we adopt an attitude that anyone who has anything to do with it has to get paid for the full amount of the time spent at his union wages.

There is no way of handling this matter, except by the method I have suggested or by the provincial governments, if they choose to do so, coming forward with a plan to pay fees to witnesses and magistrates that are two or three times as great as these we are discussing and make up the difference by a provincial subsidy. This would leave the parties in summary conviction matters with about one-third of the costs actually incurred that they would have to pay.

Mr. Lusby: On that question of witness fees, I wonder if the minister or some member of the bar of Ontario could tell me what the witness fees are in the superior courts of Ontario in criminal matters? They are only $3 per day in Nova Scotia, and it would be rather an anomaly to pay $8 in summary conviction matters.

Schedule agreed to.

On clause 745—*Repeal.*

Mr. Knowles: I take it the reference to the Criminal Code, chapter 36 of the Revised Statutes of Canada, 1927, would include all the amendments made to it from that time down to the present?

Mr. Garson: By the Interpretation Act; it includes that.

Clause agreed to.

Clauses 746 and 747 agreed to.

On clause 748—*Opium and Narcotic Drug Act.*

Mr. Garson: May I suggest an amendment to clause 748. The Opium and Narcotic Drug Act should be amended by deleting lines 39, 40 and 41 on page 261 and lines 1, 2 and 3 on page 262, and substituting the following therefor—the sidenote will read:

Except in cases tried before two justices no appeals in cases taken under section 4 (1) or (2).

The body of the section will read as follows:

25. Except in cases tried before two justices of the peace sections 719 to 732, inclusive, and subsection (2) of section 742 of the Criminal Code do not apply to any conviction, order, or proceedings in respect of any offence under subsection (1) or (2) of section 4 of this act.

Mr. Winters: I so move.

Amendment agreed to.

Clause as amended agreed to.

On clause 749—*Canada Evidence Act.*

Mr. Garson: There is a typographical error here I should like to clear up if I may. I would move:

that the figure 159 in line 10 on page 262 should be deleted and the figure 158 substituted therefor.

This is to correct a typographical error.

Mr. Winters: I so move.

Amendment agreed to.

Clause as amended agreed to.

On clause 750—*Combines Investigation Act.*

Mr. Knowles: Would the minister state by what process the information as to the changes being made with respect to these other acts will be appended to these other acts? In the case of clause 749 which we have just passed, I can see that an office consolidation of the Canada Evidence Act would, of course, include the amendment that will be made to that act by clause 749 of this bill. In the case of clause 750 the wording there does not seem to call for an amendment to the Combines Investigation Act, but rather we have here an interpretation with respect to that act. Could the minister state how this is handled so as to make the reference available?

Mr. Garson: My hon. friend is aware of the purpose of these, and that they are consequential amendments.

Mr. Knowles: Quite.

Mr. Garson: I think, in connection with the Combines Investigation Act, those could be picked up in the office consolidation.

Mr. Knowles: Either that or as footnotes.

Mr. Garson: My assistant tells me that the amendment will be seen in the index of the annual statutes; it will be noted there.

Mr. Knowles: There will be a note there in relation to the Combines Investigation Act.

Mr. Garson: Yes, in the index of the annual statutes under the heading of the Combines Investigation Act.

Clause agreed to.

Clauses 751 and 752 agreed to.

On clause 753—*Forms.*

The Deputy Chairman: I am advised that the forty-five forms in part XXVI, and which follow clause 753, are to be considered as coming under clause 753.

Clause agreed to.

The Deputy Chairman: I am now in the hands of the committee as to what further procedure the committee wishes to take.

Mr. Knowles: I suggest we move on to the film board.

Mr. Garson: I think that is a good suggestion. We have made good progress today.

Mr. Philpott: Could we take clause 102 now?

[Mr. Garson.]

Mr. Knowles: No; film board.

Mr. Philpott: I am sure we have one or two non-contentious clauses that we could certainly dispose of tonight, whereas the other thing will take a good deal of time.

The Deputy Chairman: I should like to suggest to the committee that, perhaps not too formally at the moment, we might come to a decision as to what we are going to do with the Criminal Code in the immediate future. I do not feel it would be fair to hon. members present or absent for me to call haphazardly chosen clauses. Perhaps the Minister of Justice or the leader of the house has a word to say.

Mr. Harris: I have only this to say, Mr. Chairman. I believe it was clearly understood that when we had come to the end of the Criminal Code we would stop there and go on with the film board. While I appreciate that there are probably sections on which hon. members feel there might be complete agreement, with all respect I think we ought to go through with the arrangements as we made them last night.

Progress reported.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

Mr. Nicholson: Mr. Chairman, I think the ministers who have spoken in the debate established the fact that parliament had been given a fair warning. However, when an hon. member who attends as regularly as the hon. member for Ottawa West, and who was then parliamentary assistant to the Acting Prime Minister, was not aware of what was happening, there is some excuse for other members of parliament being unaware that this very important change was taking place. I do not wish to accuse either the Minister of Citizenship and Immigration or the Minister of Public Works of bad faith, but I think they are displaying very bad judgment. I think their remarks indicate, too, that the government is not likely to change its mind.

I believe the indication given by the Prime Minister earlier in the session, that this matter should stand until members in all sections of the house had a chance to discuss it in committee and decide whether the arguments in favour of moving to Montreal overweighed the very serious objections to the

proposals, should be kept in mind. The hon. member for Ottawa West made a very careful speech, at the beginning of which he said, as reported at page 2578 of *Hansard*:

> May I preface my remarks with the statement that in a general way I approve of the work of the national film board. I think it is very good, and has been well conducted.

I go a good deal further in my enthusiasm about the work of the national film board. Then on the following page the hon. member said:

> In the main it has been very good work.

And then on the next page he said:

> My criticism centres on the one point. I do not think sufficient preliminary matters were decided to warrant any decision as to whether or not the film board should be moved.

That point should be carefully considered.

I am sure all hon. members have read the submission to the Prime Minister by the mayor and controllers of Ottawa. While normally I am not greatly impressed by the opinions of people who have tax revenue to consider, I think that the Ottawa city council, who have offered the taxpayers of Canada the equivalent of a quarter of a million dollars, have made a gesture which should not be ignored. When so many people in the country are complaining about the burden of taxation I believe this gesture should receive favourable consideration.

As I suggested earlier, I think the Minister of Citizenship and Immigration and the Minister of Public Works have had some bad advice in the matter, and that this evening it would be appropriate for me to say a few words with respect to the departure of this particular institution from the city of Ottawa.

I feel somewhat as if I were present at a funeral. I had a great deal of hope for the child, not yet fifteen years old. During the child's life the country was at war, and I think all hon. members will agree that the national film board did an outstanding job in helping Canadians at home and abroad to understand better the tremendous contributions being made by our Canadians in the army, the air force and the navy, as well as those on the home front—the factories, the mines and the farms. Without that contribution the Canadian war effort would have been less effective.

I realize that during that time the government received criticism for using this department to build up the prestige of the government. However, those criticisms were not taken too seriously; and the general effect was that Canadians were able to understand better what we were able to do collectively.

Speaking in the debate on the address in reply to the speech from the throne, I intimated that at a later date I would say something about what it means to the people I represent to have this branch of government. I would like to tell hon. members that my constituency extends nearly 600 miles north and south and 100 miles east and west. In it there are only seven communities large enough to support banks. And if a community is not large enough to warrant a bank, the prospects for having a theatre are not too bright. Had it not been for the films produced and distributed by the national film board there are many people in that area who would not have had the pleasure of knowing what modern films are like.

I am afraid this move is going to make it more difficult for the people on our frontiers to have access to films, both as to the quality and the quantity, that they had in the past.

I was interested in seeing what the Canadian Chamber of Commerce had to say about the national film board. I find the chamber endorses the minority report with respect to the national film board presented by the royal commission on national development in the arts, letters and sciences. The chamber of commerce—

> —recommends that the government instruct the national film board to place a larger proportion of federal government film production with outside film producers, and appoint to the board of the national film board two or three members as moderators with the duty of examining objectively the operations of the board and all plans for expansion.
>
> The chamber recommends that the national film board should not extend its operations into fields adequately served by private enterprise.
>
> The film act should be amended so that it is no longer necessary for departments of the federal government to secure their films through the national film board.

I cannot prove it, but I venture to say succeeding events will show that the movement of the national film board from Ottawa to Montreal will result in a much larger volume of government business being channelled through private film companies, rather than through our own national film board.

This reference by the chamber of commerce prompted me to see just what had been said by the commission. The membership of this commission would command the respect of all Canadians, and consisted of His Excellency the Governor General, Mr. Arthur Surveyer of Montreal, Norman A. M. MacKenzie, president of the University of British Columbia, the Most Reverend Georges-Henri Levesque, dean of the faculty of social

sciences, Laval University, and Dr. Hilda Neatby, professor of history at the University of Saskatchewan.

I find that four of these very outstanding Canadians were able to agree on a report on the film board, while the fifth, Mr. Surveyer, who was not known to me, brought in a minority report. Before looking at the minority report it might be well to read what was said about films in Canada:

> About 120 organizations in briefs and evidence discussed the work of the national film board, some at considerable length. Most of them approved of its work, and asked that this work be extended. They went further. Many Canadians expressed pride in the work of the film board considering that, like our national radio service, it is a valuable and distinctive Canadian achievement. We have heard much of the film board's Canadianism.

And further on:

> The board is also praised for its services to distant communities: its films reach ". . . in a dramatic way many who would not otherwise come into touch with the culture of the nation". There is a corresponding regret and even resentment at the reduction of the board's estimates. "The present policy of restricting (the) budget can only lead to a cultural impoverishment of the people of this country".

In their recommendations they say:

> We therefore recommend:
> That the national film board be granted funds adequate for the necessary expansion of its field staff and of its distribution activities, and that the present policy of stimulating and complementing voluntary effort be continued.

And further on:

> That the national film board continue its present functions as defined in the Film Act and that it continue to produce such documentary films as will serve the public interest. That the national film board continue its policy of commissioning films from private producers when this is in the public interest; that it continue and increase its efforts to co-operate with private producers and to encourage private film production in Canada.

And then finally:

> We have observed with anxious concern that the various premises in which the film board conducts its operations are cramped, scattered, inconvenient and hazardous. In the interests of economy and efficiency, and in justice to film board employees, this deplorable situation should be changed.
> That safe and efficient premises be provided without delay for the operations of the national film board.

That brings me to the so-called minority report, the reservations and observations made by Mr. Arthur Surveyer. His section on radio broadcasting that I am going to mention bears a great similarity to the briefs which come to hon. members from time to time regarding the plight of the privately owned radio stations in the country. But there is a section here on the national film board, and in view of the very moderate opinions expressed by the other four distinguished members of the commission I think it significant that the fifth member should find it necessary to present a minority report. He does not call it a minority report; he calls it reservations and observations, but the Canadian Chamber of Commerce describes it as a minority report. He sums up his suggestions in this way:

> I recommend, therefore, that the national film board should be required to give, each year, to outside film producers or to outside photographers, work to the value of half its yearly sales or of half the value of its annual production of films or of photographs.

This is the line that we have heard, ever since the national film board was started, from those who have argued that the government had no business getting into the field of film production; that they should leave it to the private producers.

When the first act was passed in 1939 one of the well-known members of the Conservative party, as it was then, Mr. Earl Lawson, expressed his objection. He of course made his position quite clear. He said:

> I have in my legal activities represented many phases of the motion picture industry.

I am quoting from "Food for Thought" of March, 1950:

> Having thus presented his credentials, Mr. Lawson advised the government to have its films "produced by Associated Screen News (of Montreal), or the other film concern, the name of which I don't remember."

An hon. Member: Crawley Films.

Mr. Nicholson: No, that was before Crawley Films came into being.

I was quoting Mr. Lawson, who suggested that instead of the government going into film production they should employ Associated Screen News of Montreal or some other film corporation whose name he could not remember at the moment. And ever since that time the people with large investments in the film industry have been jealous of the job that is being done by our national film board. I have the list of films produced—

Mr. Philpott: On a point of order, we are discussing an amendment to the construction of a new building for the national film board in Montreal. The hon. member is discussing now the whole policy of the national film board.

The Chairman: Order. I am glad that the hon. member has raised this point of order. This debate has covered a very wide field, and in view of the nature of the debate that took place previously I do not feel that I can call the hon. member's remarks irrelevant. Since the debate has now proceeded at some length, I do think however that we

should try to devote ourselves more particularly to the item under discussion, namely, the proposed move to Montreal.

Mr. Nicholson: Thank you, Mr. Chairman. I shall try to act on your suggestion, but I think it is quite relevant. I suggest that if the opinions expressed by Mr. Surveyer are acted on by the government, and the national film board is moved to Montreal and at least half of the production is to go to firms outside the film board, that will be a matter that will affect very directly the taxpayers of the country.

Mr. Harris: On a point of order, has anybody on behalf of the government ever said that they were going to do what my hon. friend has just suggested? I do not recall any statement of that kind having been made, and he should not assume that because there is a minority report about the national film board we are going to follow it.

Mr. Nicholson: The earlier implication was that the national film board was being moved to Montreal at the suggestion of the Massey commission.

Mr. Harris: No.

Mr. Nicholson: It was not said directly.

Mr. Winters: It was never suggested.

Mr. Nicholson: The implication was that the government was acting on very good advice, on the advice of the Massey commission.

Mr. Winters: No.

Mr. Nicholson: They did recommend new quarters.

Mr. Harris: Nobody ever said that.

Mr. Nicholson: I know that no minister has said it, but the implication is there.

Mr. Winters: It was made clear that that was not the case.

Mr. Nicholson: But the film board is being moved, and when the national film board headquarters are in Montreal and Crawley Films are in Ottawa and a minister wants to get production immediately, it will be much easier to contact Crawley Films and to get action at once than it will be to get in touch with the national film board first in Ottawa and then send to Montreal and have people come up by plane or train. I want to suggest that ever since the film board started, organizations in Canada have been constantly sniping and trying to discredit the national film board.

The last annual report that I have lists some of the achievements for the previous years. It mentions that the national film board has won thirty honours in Canada and international competitions; the board produced "Royal Journey", its full-length feature film, using a new colour process. The board's technicians perfected a new dual-language sound-track process. The non-theatrical audiences for the national film board films in Canada totalled 11 million and some odd, an increase of 14·8 per cent; the non-theatrical audiences for the national film board films in foreign countries totalled 11 million odd also, an increase of 15 per cent. With this enviable record, in the face of very serious handicaps, the national film board has done great things for the Canadian people and it is unfortunate that the government is insisting on this move.

An hon. member for one of the York ridings referred to Crawley Films. It is well known that the national film board has been very generous to Crawley Films. F. R. Crawley started on a shoestring and was able to—

The Chairman: Order. I think the hon. member will agree that I have been more than generous. The point of order raised by the hon. member for Vancouver South was well taken. I do not wish to limit the discussion in view of the debate that has taken place previously. But at the same time I really think the hon. member should limit his remarks more particularly to the resolution.

Mr. Nicholson: I shall conclude my remarks with that, but I think it is quite in order, in view of the remarkable growth of Crawley Films in this city, largely at government expense, to know that if the national film board is moved and five years from now we find a privately-operated film-producing organization in the city of Ottawa continuing to grow, it will be a matter of public concern. I shall not press it any more since you have objected.

Mr. Rouleau: Mr. Chairman, during this debate we have heard many speeches, some in favour and some against moving the national film board to Ville St. Laurent on the island of Montreal. So far we have not heard any speaker in the opposition give any good reason why the national film board should not be moved to Ville St. Laurent. I think all have evaded the question. I have noticed with pleasure that all those who have spoken have been unanimous in commending the work of the national film board. So did the special committee formed in 1952 to study the work of the national film board.

As has been said during this debate, under the National Film Act of 1950 the purposes of

the board are defined as the initiation, promotion and distribution of films in the national interest, and in particular films designed to interpret Canada to Canadians and to other nations. I notice that it is designated as the representative of the government and of government departments in their relations with persons engaged in the commercial motion picture field.

Since we all realize the necessity of the national film board for Canada and Canadians, the question is how and where the national film board can best achieve its purposes. From what I have heard during this debate I gather that we agree with the report of the special committee on the national film board that the headquarters work of the board be centralized in one building designed and constructed especially to meet the production, technical and distribution needs of the board. The only point where there seems to be disagreement is the location of the building.

As we have seen, the purposes of the film board are to initiate, produce and distribute films showing the image of Canada to Canadians and foreign countries. To achieve these purposes, not only do we need a suitable building, but also we need the film board to be located where it can accomplish more.

During the committee proceedings in May, 1952, the location was discussed and the committee members of all parties were aware then that Montreal was the intended location.

To my mind, the national film board has to be located in a large cultural city, not too far from the capital city, where transportation facilities are available either by plane, train, truck or car and, having in mind the bilingual status of Canada, in a place where cultural and creative talent is easily available in the two official languages of Canada.

Even if Ottawa, our capital city, is a beautiful place, unfortunately it does not have the size to suit an institution of the character of the film board.

As to the very progressive city of Toronto, it surely has much to offer. It is a large city where talent is available, it is a cultural centre, but it has not the strictly bilingual characteristics that Montreal has. Montreal is a centre of both French and English culture. At the same time it is near Ottawa. It is a large city which attracts talent, artists, musicians, technicians of both cultures, because there they find more opportunities than they could find elsewhere.

With its seven radio stations in operation and another one coming in a few weeks; with its two television stations, one French, one English; with the C.B.C. international services, Montreal attracts both English and French-speaking artists, musicians, actors, script writers, technicians, translators, narrators and so forth.

Montreal also has almost 500 schools both English and French. It has two large universities, McGill University and l'Universite de Montreal, 20 liberal arts colleges and many high schools. It has the benefit of 25 large libraries, 35 university and college libraries and 39 others. It has seven large museums. Eight newspapers, French and English, are published daily as well as many hundreds of weekly newspapers and magazines. There are also approximately 200 clubs where entertainment is found and which attract comedians as well as artists. There are 83 theatres, at least 20 cine-clubs.

Besides that there are about 300 active cultural and artistic societies among which are the Montreal repertory theatre, the Montreal women's symphony orchestra, les concerts symphoniques de Montreal, the Montreal festivals, the Montreal summer theatre, les variétés lyriques, the Canadian concerts and artists, les amis de l'art, the opera guild, the composers, authors and publishers association of Canada, etc.

Also you will find in Montreal many motion picture producers and studios such as the Associated Screen News, the M.C.R. Historia Film Production, the Quebec Productions Corporation, the Crawley Films Limited, and so forth.

These are only examples of how the board's creative workers would be in contact with people interested in the same field in both English and French. It would stimulate and facilitate their work in the initiation and promotion of films of truly national interest.

Since Montreal is not only the air-line capital of Canada, but also an important seaport as well as an important railway centre in Canada, distribution of films would be well taken care of.

Montreal has all that is required to help the national film board achieve well its purposes and it has been the one and only reason why it has been suggested to move it there. There were no other reasons. Much less the one mentioned in October, 1953, by the mayor of Ottawa, Miss Charlotte Whitton, who happens to be a good friend of the Leader of the Opposition and of the Conservative party. As a matter of fact she stated, as reported in the *Evening Citizen* of October 22, 1953, that the moving of the national film board to Montreal was:

> All too high a price for Canada, the capital, and these families to pay for assuring the election, as the member from Ville St. Laurent, of Mr. Guy Rouleau, president of the National Young Liberal Federation."

Well, if Miss Whitton has the right to defend the interests of the city of Ottawa, she should do it as some other members in this house did it, on fair grounds. If her sources of information are always as good, I am not surprised at some of her statements against each and all, and I do not think that the people can take them at their face value.

Like the people of Ville St. Laurent, as well as the constituency of Dollard, I was shocked to learn of such unfair and untrue remarks made by a person holding public office. Nothing is farther from the truth. The people from my riding do not sell their votes; they are good and honest people who, when the time comes, vote according to their conscience for the party and the man they consider best fitted to administer the affairs of the country, and they have shown by their vote that they do not have much trust in Miss Whitton's best friends, the Conservatives.

Furthermore, I do not think that the Prime Minister of Canada and the members of his cabinet can be accused of having tried to buy the votes of my constituents. Their integrity is high above reproach, and that is why, even if only one national film board building should be built, 171 Liberal candidates, including the Prime Minister and the cabinet ministers, were elected on August 10 last.

And speaking of Miss Charlotte Whitton, I find it strange that the official opposition to the construction of the national film board building in Montreal started after the mayor of Ottawa spoke about the matter. Much stranger is the fact that during this debate they used many of her arguments. For example, one Conservative member, after hearing Mayor Whitton hint at bribery, said, and I quote:

> The only talent that seems to exist in abundance in the city of Montreal is a superabundance of Liberal members.

Later, it was amazing to hear another Conservative member echo a statement made the previous day by the mayor of Ottawa to the effect that the moving of the film board, and I quote:

> . . . would be the largest forced migration of persons in this part of the world since the expulsion of the Acadians.

But to be fair to the hon. member I must add that he realized that his political friend, Mayor Whitton, went a little too far and he was careful to add, "I think that is putting it rather strongly".

For a while during the debate, Mr. Chairman, I wondered who was the real leader of the opposition, the Leader of the Opposition sitting in this house, or the "never-stop-talking" mayor of Ottawa. If the matter were not so serious it would be very funny. However, these irresponsible declarations have misled some people in regard to the real question at stake, and troubled others such as the person who sent a letter to the editor of the Ottawa *Citizen* under the signature "A film board wife", stating that it must be awful to live in the slums of Ville St. Laurent, in a place where there was no culture, art and so forth.

The moving in itself must not trouble that person very much because she and her husband have moved many times. Besides, the majority of those now working for the national film board have moved to Ottawa from places as far away as British Columbia. Furthermore, is it not part of the job of a producer of films to travel from place to place?

All that discussion is nonsense. The only reason for the moving of the national film board from Ottawa to Montreal is that Montreal is the best location in which that national institution can work in the best interests of the Canadian people and of Canada.

As to Ville St. Laurent, it does not take a back seat to any other city. The town of St. Laurent is very progressive and is now enjoying the most prosperous year in its existence. The town is divided into three distinct sections, industrial, commercial and residential, each completely independent of the others. This is an important factor which contributes to the satisfaction of all. The health-giving air, the easy means of transportation, such as buses, street cars and trains, the different schools, primary and secondary, and the low taxes all help the town of St. Laurent to expand continuously.

The Canadian National Railways line goes through the town, as do also two highways known as the Laurentian, and the Ottawa and Toronto, all of which run very close to the Montreal business centre, which is about three miles from Dorval airport.

The town of St. Laurent is also an up-to-date centre for recreation, and the new air-conditioned theatre, the auditorium with its capacity of 1,000 seats, the artificial ice arena, and its many public parks, all add to the enjoyment of the people residing there.

St. Laurent has a population of 30,000. About 75 per cent of the people are English-speaking, and 90 per cent of the French-speaking people are bilingual. St. Laurent has beautiful residential districts with beautiful homes, and thanks to a good administration and to the efforts of this government through Central Mortgage and Housing Corporation there are no slums in St. Laurent. It has modern schools and churches of all

denominations. The understanding which exists between Canadians of all religions in St. Laurent is the best possible example of Canadian unity. There are many nice social clubs, and there is friendliness among the people. It is a really nice city.

In that environment the film board will do a good job and I shall be glad to welcome all those who will be moving there. I am sure they will not only enjoy the surroundings but also the spirit of St. Laurent because of the fact that we do not have a mayor like Charlotte Whitton. In conclusion, Mr. Chairman, I wish to congratulate the minister and the government most heartily on undertaking this move.

The Chairman: Is the committee ready for the question.

Mr. Holowach: Mr. Chairman, we have all followed with a great deal of interest the present and past debate on this important matter. I believe it would have been helpful if we had received from the minister his interpretation of the purpose, policy and production objectives of the national film board, as well as his views on the desirable features of the proposed location of the administrative offices of the film board.

I believe most of us are basically in agreement that the national film board should be maintained, encouraged and assisted financially to achieve greater and improved production. But it does seem strange that so much significance has been attached to the location of the film board, and with other hon. members I fail to realize what remarkable features can be attached to the proposed location. The location of the administration body of the national film board is relatively incidental, because most films made by the board are made on location in various parts of Canada, and when interior shooting is required that is usually done in rented studios.

Personally I am very interested in the activities of the national film board, as I am in its big brother, the Canadian Broadcasting Corporation. I believe that this agency, supervised by the government, is perhaps the most important one for the reason that it carries with it an extraordinary means of influencing men's minds and, together with radio, constitutes perhaps the most effective medium of mass communications.

To substantiate that statement there appears a very interesting index on page 16 of the annual report of the national film board for 1951-52. That index contains the non-theatrical distribution figures for 1951-52 as regards domestic showings, and gives the total audience which saw the productions of the national film board. It is pointed out that during 1951-52 there were 151,196 shows seen by a total audience of 11,610,232. A little further on in the same page we have the information that national film board productions are distributed abroad theatrically, non-theatrically, through television, and through the sale of prints.

On page 17 we have a further tabulation of the distribution of national film board films abroad which indicates that there were 123,485 showings with an audience of 11,111,976 persons. In other words, if the last figures are used and added to the domestic audience during the year 1951-52 over 22 million persons received the message of the national film board.

Technically speaking, I believe that the national film board was initiated for the purpose of manufacturing and distributing informative and educational pictures, but I believe that there were other noble purposes in the minds of those people who initiated the founding of the national film board. I believe that the national film board was designed not only to help to unify the two ethnic groups that have been repeatedly mentioned in the house but all the ethnic segments of our Canadian people into one family, with each segment proud of the others. I believe it was founded to help Canadians of all racial origins adjust themselves to our society with the ultimate aim of making each of them believe that we value their contribution and that they as individuals are important in our democratic way of life.

I think that the national film board was also originated to quicken the appreciation of the Canadian people of the fine things of life, of the arts, music, drama, literature, in order to bring those things in greater abundance to our people. Surely these things are desirable when we consider the rapid pace of our everyday life where we seem to find so much accent on material things and sadly neglect our own cultural development. Fundamentally, certainly, it must have been the intent and purpose of those who initiated the national film board to use it to awaken the Canadian people to the great possibilities that exist to create a truly dynamic and individualistic Canadian culture. I do not think there is another place on this earth that has the ingredients to do so that exist in Canada.

Where else is there the deposit of human materials which exist here, the various racial and ethnic groups with their rich heritage of music, songs and customs, their various characteristics and emotional features which are indispensable if we are to have creative work? Where else is there the natural

beauty, and the landscapes which are also essential if we are to have inspiration and background material for significant works? But more important than this, Canada is one land that has freedom which is an indispensable ingredient if we are to achieve a new insight in the field of aesthetics and of culture, a word which is often used rather glibly and without caution. I know of no great work that was ever created unless it was a product of a free mind.

We Social Crediters are very interested in these things I have mentioned and in the activities of the national film board. We are more than just a monetary reform movement. We attach a great deal of significance to the film board because the ultimate aim of our philosophy of life and government is to create those very conditions which are conducive to gracious living, when men and women shall have the leisure to enjoy and partake of cultural pursuits and other worth-while human accomplishments.

The Chairman: Order. The hon. member will recall that I was forced to interrupt the hon. member for Dauphin when he wandered a little from the item under discussion. I hope the hon. member who has the floor will devote himself to the item under discussion.

Mr. Knowles: He is no farther away than the hon. member for Dollard was.

Mr. Holowach: I certainly appreciate your adjudication, Mr. Chairman, but may I point out that it is very difficult to talk about such a matter without also involving its implications. It is hardly fair for me to talk of the Stradivarius, for example, unless I am also allowed to say something about its tonal qualities. Therefore the question arises whether the move that is contemplated will bring about the objectives which we all consider as very desirable and possible. But in considering these things, I think we should remember that it was never the intent or purpose of those who initiated the national film board that it should ever become a political plum or a football. If that is to happen, I think irreparable damage will be done.

I mention these things because I have received many letters and questions with respect to whether this move by the government is intended to erase the indifference which our government seems to show toward all things "cultural" in our land. Is it a move that will correct that situation? I think these things should be considered because we are not dealing merely with pennies but with $5¼ million of the taxpayers' money. I think we should remember this when we are considering this appropriation. We should also remember that as one travels from one end of the country to the other one finds a deplorable lack of auditoriums and recital halls. Those that do exist, with few exceptions, are of the stock pavilion variety where one is often obliged to listen to a beautiful piece of music, Beethoven, let us say, and is constantly reminded that just a few days before it was the scene of the exhibiting of a prize bull.

I think we should also remember when we are considering spending $20,000 per acre for a new site for the board that there are hundreds of amateur drama groups throughout the country—I say "amateur drama groups" because the professionals cannot afford to remain here—and symphony orchestras, which were mentioned a few moments ago, that perform significant works of art. Yet I do not know of one of them that is not financially embarrassed and few can afford to acquire new scores or materials.

At this time we should also remember that while we consider it manly to visit art exhibits and fashionable to listen to opera, this wealthy country cannot point with pride to one national theatre or opera. At this time, we should also remember the very sensible and valuable recommendations made by the royal commission on the development of the arts in this country. Its recommendations have not been heeded. In considering this terrific amount of money that we are contemplating spending on the construction of a film board, I think we should also remember that hundreds of our young people are in exodus from this land to other places in order to find fame and recognition and, more important, appreciation of their talents. These young people are leaving our country to enrich the culture of other places because we show so much indifference to them. Therefore I ask in good faith whether it might not be advisable for the government to use this money to implement the production of the national film board or for scholarships and those things which are very necessary if we are to have worth-while cultural activity.

It seems to me that from the very beginning there has been a smokescreen about this whole issue. It would appear from private conversation with the various members that the government is intent on moving the national film board. I was just wondering, sir, whether it would not be advisable for the government, if they have decided on moving the national film board, to move it to a place which would be, for all time, an appropriate centre. I am quite objective about this. I do not refer to my own constituency, as other members have done in the past.

I believe that the government would be doing a good stroke of business if they moved the national film board to a site which is associated with visual beauty, and is symbolic of Canada. I refer to Jasper national park or Banff national park. When the giants of the cinema industry decide to make a colourful picture or when Hollywood intends to make a top-notch picture, those are the places to which they go and not to some city. At this time I also believe we should consider the point of view of the various responsible bodies in our community, which are not interested in political motives but the best interests of the country.

In this respect I have in my hand a letter from the Edmonton chamber of commerce, which is affiliated with the Canadian Chamber of Commerce. I understand that this letter has been forwarded to the other members, in common with whom I have the honour of representing the city of Edmonton. I quote:

> . . . the Edmonton chamber of commerce deplores the action of the federal government in extending the activities of the national film board in competition with private enterprise; and, further, that it is opposed to this large expenditure of public moneys, creating more jobs for civil servants which could be absorbed in private industry; and, further, that this opinion be conveyed to the Ottawa board of trade, the three Edmonton members of parliament and the Canadian Chamber of Commerce.

I have received other communications which point out that, at a time when the people of Canada are requested to continue carrying the heavy burden of taxation, and at a time when the veterans, the disabled and the aged citizens of this land have little hope of having their allowances increased, this government move is neither prudent nor an example of frugality. The national film board, as the name implies, is a national body that was designed to serve the best interests of all the people of Canada. Since we have to believe the move is made from political considerations, I think every member in this house would be wise to vote against this particular expenditure.

Mr. Macdonnell: I shall not detain the house for more than a moment or two, but there is one point I want to make in connection with the remarks of the hon. member for Dollard. We had a somewhat unusual and I thought unnecessary experience in listening to those remarks. It seemed to me he went out of his way to drag into his speech and to criticize the mayor of Ottawa, whose name we all know and whose activities we all know. I feel that as a friend of hers, and a graduate of the same university, I should make some comment upon that.

I doubt very much if the member would have ventured to make those comments if Miss Whitton had a seat in this house. In any event, I know I would not, and I doubt if any other member in this house would have the courage either. I say, therefore, that I regret very much that it was done. It seemed to me in very doubtful taste and judgment. I should like to say that I feel we should all remember that in whatever the lady did or said, it was pursuant to her duties as mayor of this city. I think, as such, they might have been kept out of this committee.

Mr. Dupuis: May I ask the hon. member a question? Did the mayor of Ottawa keep out of this debate by attacking the member for Dollard?

Amendment (Mr. Thatcher) negatived: Yeas, 33; nays, 80.

The Deputy Chairman: Perhaps it would only be fair to remind the committee that item 368 which is now before the committee contains the whole of the expenditure for this branch in the province of Quebec. Shall item 368 carry?

Item agreed to.

360. Departmental administration, $820,821,732.

Mr. Green: Is the minister making a statement? This is his first session as Minister of Public Works, and I think it would be very helpful if he would make a statement on his department.

Mr. Winters: No, Mr. Chairman, I had not intended to make a statement. I think we can convey all the information hon. members require in the course of answering their questions.

Mr. Shaw: The first thing I had intended doing, Mr. Chairman, was to ask the minister if he was prepared to make a statement concerning policy and administrative changes in the Department of Public Works since he assumed the position of Minister of Public Works. From time to time during the past several months we have learned from the newspapers of certain rather important changes in the field of policy and also in the field of administration. I was hoping that the minister would at this time confirm, and probably elaborate upon, those reports. Such a statement would have assisted, I am sure, in giving us a clear and probably concise picture of the proposed method of operation of his department during the years ahead. Now, there has been one very important change in policy, apparently. It is about that change in policy that I desire to make a few comments tonight.

However, I am going to have to ask a question first; and if the minister's answer to that question is satisfactory, then, so far as I am concerned, it may not be necessary

for me to say all I had intended to say. My question is this: Do the proposed changes in policy which have taken place within the minister's department involve the abandonment of certain projects which have already been approved by the parliament of Canada?

Possibly before asking the minister if he would care to answer that question, I might be permitted to elaborate. I recall that last year the estimates of the Department of Public Works contained provisions for certain projects. Perhaps I should be even more explicit and say that such proposals were contained in the supplementary estimates for the fiscal year ending March 31, 1954. Today we find no mention of a number of those projects.

An hon. Member: Politics.

Mr. Shaw: I would like to keep politics out of it—and I am saying that in answer to an interjection. I realize that, according to a press report, one change of policy the minister has brought into being, or intends to introduce, is that of asking for a lump-sum appropriation to be used for the purpose of acquiring sites and preparing plans and blueprints for certain projects.

Upon examination of the estimates of his department I find what I believe may be a figure designed for that purpose. However, I cannot be sure of this; and I am not prepared to wait until we get to that point, because if I do I may be ruled out of order and have no opportunity whatsoever to go into further detail with respect to matters of vital concern to so many people in Canada.

My question is this: Does the change in policy in the Department of Public Works involve the complete abandonment of certain projects for which provision was made in the main estimates last year, or in the supplementary estimates? Does it involve the complete abandonment of those projects?

Mr. Winters: Mr. Chairman, obviously the hon. member refers to the policy, to which reference has been made, of carrying in the estimates for a particular fiscal year amounts to cover the volume of work that it is expected can be carried out with respect to various projects in that fiscal year.

I do not think there is any great departure in that respect from the policy followed in the past. But, in reviewing the estimates, I did find that there were a great many votes that had been carried from year to year as revotes, without sites being acquired, or planning going forward, or any work being done. I thought it would make for more orderly presentation of the estimates and allow for a better scheduling of work if we included in the estimates and asked parliament to vote funds only for those projects the department thought it could implement during the coming year, and to the extent that the work could be carried out. In order to enable the department to acquire sites, particularly in the smaller communities, and to advance planning, we are now carrying an item of $500,000 for the oncoming fiscal year, in vote 401.

Mr. Shaw: Mr. Chairman, I think I shall have to be more explicit in what I have to say. In an examination of the supplementary estimates for the fiscal year ending March 31, 1954, I find in connection with the province of Alberta that five projects are listed. These projects were approved by parliament on May 9, to be exact. Then, upon examination of the estimates for the fiscal year ending March 31, 1955, I find no reference whatsoever to those five projects.

I am concerned as a matter of principle and, secondly, I am vitally concerned in another sense, because one of those projects was for my own home town. At page 26 of the supplementary estimates for the fiscal year ending March 31, 1954, we find this:

Acquisition of sites and preparation of plans for public buildings at Claresholm, Coleman—

I understand those two are in the constituency of the hon. member for Macleod.

—Innisfail—

Which is in my own constituency, and happens to be my own home town.

—Lac la Biche—

Which is in the constituency of Athabaska, represented by a Liberal member.

—and Vermilion.

Which is located in the constituency of Battle River-Camrose.

I should like to stress this fact, and I am speaking specifically of my home town, that the town council and board of trade, realizing the situation prevailing in that town with respect to postal facilities—this is no reflection upon the staff, for we have an excellent staff there, and I want to pay tribute to them—in view of the lack of facilities in the nature of a building, believe it their duty on behalf of the people in that community to take appropriate steps in pressing for favourable consideration for a new public building in that town.

I had the privilege of working with the board of trade and the town council and of accompanying their delegation to Calgary to confer with the postal authorities in the district office. I believe it is safe for me to conclude that post office officials at Calgary felt that a new building for that community

was essential, if the patrons of that office were to enjoy the high type of service to which they are entitled.

Representations were made to the Post Office Department in Ottawa by officials of the Calgary office. Obviously the Post Office Department in Ottawa came to the conclusion that if adequate postal facilities are to be made available to our people, consideration would have to be given to suitable quarters in that town. In fact, I am informed by the Post Office Department here that the project was put in "A" category. I am also convinced—and this is just normal procedure as between departments—that the Post Office Department must have been able to convince the Department of Public Works that the building was necessary for that community.

The Deputy Chairman: Order. I would not wish to interrupt the hon. member if he could finish his remarks in perhaps thirty or sixty seconds. I am sure that would be agreeable to hon. members. Otherwise I would have to call it ten o'clock.

Mr. Shaw: Mr. Chairman, it would be physically impossible to finish in sixty seconds what I am going to say.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Knowles: Tomorrow?

Mr. Harris: My hon. friend does not need to prompt me to do what I consider to be my duty this evening. Tomorrow we shall continue with this and, when it is concluded, take agriculture.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

[The following item was passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

368. Quebec, $10,890,000.

HOUSE OF COMMONS

Friday, March 12, 1954

The house met at 2.30 p.m.

STANDING ORDERS

CONCURRENCE IN SECOND REPORT OF STANDING COMMITTEE

Mr. J. H. Harrison (Meadow Lake): I should like to move:

That the second report of the standing committee on standing orders, presented on Wednesday, March 10, 1954, be now concurred in.

Notice of this motion was given in *Votes and Proceedings* last Wednesday.

Motion agreed to.

DIPLOMATIC IMMUNITIES

PROVISION FOR EXTENSION TO COMMONWEALTH REPRESENTATIVES

Hon. W. E. Harris (for the Secretary of State for External Affairs) moved for leave to introduce Bill No. 373, to extend diplomatic immunities.

Some hon. Members: Explain.

Mr. Roch Pinard (Parliamentary Assistant to the Secretary of State for External Affairs): The purpose of this bill is to extend to diplomatic representatives of commonwealth countries the traditional immunities already enjoyed by representatives of foreign states.

Motion agreed to and bill read the first time.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

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

That it is expedient to introduce a measure to establish in the consolidated revenue fund an account for the replacement of government property lost, destroyed or damaged through fire and for the said purposes to authorize advances from the account, with the approval of the treasury board, up to a maximum of five million dollars.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

WATER POLLUTION

NORTH SASKATCHEWAN RIVER—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. A. M. Campbell (The Battlefords): I should like to direct a question to the Minister of National Health and Welfare. Is the minister aware that Canadian Chemical Company of Edmonton has again polluted the North Saskatchewan river, and will the government now consider bringing down legislation which will protect for all time the health and welfare of Canadians against the pollution of interprovincial rivers?

Hon. Paul Martin (Minister of National Health and Welfare): The hon. member was kind enough to give me notice of his question, Mr. Speaker. No, I am not aware of the facts as alleged. I might state to the hon. gentleman that his statement is incorrect. Undoubtedly what my hon. friend is referring to is the fact that wastes which were diverted to a burning pit contained a gummy substance which blocked up the pipe line and caused a temporary resumption of the discharge of these particular substances into the river. This state of affairs was discovered and was corrected by the government of Alberta within a very short time.

(Translation):

ST. JOHNS ROYAL MILITARY COLLEGE

QUESTION AS TO STAFF

On the orders of the day:

Mr. J. W. Dufresne (Quebec West): Mr. Speaker, I would like to ask the Minister of National Defence a question of which I have given him notice. The minister—

Mr. Dupuis: Read in *Le Devoir* of this morning.

Mr. Dufresne: Would the Minister of National Defence give me the date of appointment of the five following professors at St. Johns Military College: Messrs. Stallard, Tilley, Thumm, Mendel and Smith?

Mr. Speaker: I do not believe that this question is so urgent that it should be put at this stage of the proceedings. The hon. member could have his question placed on the order paper and the minister would reply to it.

In my opinion the question should be put on the order paper.

Mr. Dufresne: Here is what I was coming to, Mr. Speaker. You undoubtedly recall—

Mr. Dupuis: Ah!

Mr. Dufresne: I beg the hon. member for St. Mary (Mr. Dupuis) to be more charitable—

Mr. Speaker: Order! I am listening to the hon. member's explanation.

Mr. Dufresne: You will certainly recall that last December I again drew the attention of the Minister of National Defence to the fact that St. Johns Military College seemed to be losing its bilingual character. I simply want to ask whether or not the five persons concerned are bilingual professors.

Mr. Speaker: I must say to the hon. member that if that was the question he intended to ask, he had only to ask it.

Hon. Brooke Claxton (Minister of National Defence): Mr. Speaker, with your permission and that of the house, I must say to the hon. member for Quebec West that there is no truth in his general statement.

(Text):

ROYAL CANADIAN AIR FORCE

EXTENSION OF BASE AT STEVENSON FIELD—SALE OF HOUSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of National Defence. Will the government consider selling to the public the thirty houses on Whytewold road in St. James, Manitoba, which were bought to make room for the extension of the air force base at Stevenson field at Winnipeg? Will something be done about this matter before these houses suffer further deterioration?

Hon. Brooke Claxton (Minister of National Defence): I shall be glad to look into the question and answer later.

MUNICIPAL FINANCE

REQUESTS FOR FEDERAL-PROVINCIAL-MUNICIPAL CONFERENCE

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): Mr. Speaker, I should like to ask a question of the Acting Prime Minister or the Minister of Finance. Has the government received requests from the Saskatchewan government for a federal-provincial-municipal conference on problems of municipal finance? If so, when is it proposed to call such a conference?

Right Hon. C. D. Howe (Acting Prime Minister): So far as I know requests of that nature have not been received. However, I shall make inquiries, and if I am wrong I shall make a statement later.

EMERGENCY POWERS ACT

REQUEST FOR STATEMENT CONCERNING CONTINUATION OF MEASURE

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I should like to ask a question of the Acting Prime Minister. With the approach of the Easter recess, is he in a position to say whether or not it is the intention of the government to allow the Emergency Powers Act to lapse, or will legislation be introduced to continue it?

Right Hon. C. D. Howe (Acting Prime Minister): Mr. Speaker, no decision on that point has been taken as yet. It will depend upon events between now and the end of the session.

ESKIMOS

REGISTERED TRAP LINES—RIGHTS OF CANADIAN ESKIMOS

On the orders of the day:

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): Mr. Speaker, yesterday the hon. member for Mackenzie River (Mr. Hardie) asked me the following question:

> Is it true that Alaskan Eskimos living in the Mackenzie river delta hold registered trap lines, while there are a number of Canadian Eskimos who are without trap lines. If so, is the minister's department giving consideration to the prior right of Canadian Eskimos in this regard?

In answer I would say that the provisions with regard to the registration of trap lines are established by the council of the Northwest Territories and are set forth in the game ordinance, which became effective on June 30, 1949. They are not determined by the Department of Northern Affairs and National Resources. The ordinance does not provide for any priority as between Alaskan Eskimos resident in Canada and Canadian Eskimos. However, under its provisions no Alaskan Eskimo who has entered Canada since June 30, 1949, or who may in future enter, can obtain a certificate of registration for a trapping area. No change in the position is contemplated at the present time.

LABOUR CONDITIONS

INQUIRY AS TO RE-EMPLOYMENT OF TEXTILE WORKERS

On the orders of the day:

Mr. W. G. Blair (Lanark): Mr. Speaker, I should like to ask a question of the Minister of Labour. Is he in a position to answer the question I asked a week ago?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I was not hoping that my hon. friend would forget the question, but it was perhaps that I was not prepared to give an answer in exactly the way he might expect it.

However, in answer to the question he raised, I would say that the principal activity of the government in assisting workers in the areas referred to by the hon. member to secure alternative employment is the work of the national employment service, which comes under my jurisdiction.

When any worker applies to his nearest employment service office for employment, a full record is taken of his work experience, and this information is available in matching men with jobs not only in the immediate locality, but in Canada as a whole. This means that when employment opportunities develop in other industries and those applying for work have suitable qualifications, the applicants are referred to them. This applies to alternative employment opportunities which develop in their own immediate areas or to those which become available in other areas, if suitable workers are not available locally.

The hon. member will understand that there are many factors involved in the development of alternative employment opportunities in textile centres. I am sure the hon. member and I know some of those difficulties at quite close range. Aside from the work of the national employment service and other activities of the federal government, the government of Ontario has announced its intention to explore the possibilities of attracting new industries to centres in this part of the province. And I might tell my hon. friend that my department has expressed its desire to work in the closest possible co-operation with that project.

DUMPING

POTATOES—ALLEGED SHIPMENTS TO BRITISH COLUMBIA MARKET

On the orders of the day:

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I should like to ask a question of the Minister of National Revenue. Has he received word regarding the dumping of potatoes into British Columbia, as he said he would in reply to my question of March 10.

Inquiries of the Ministry

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I am sorry I cannot report at this time that we have received the information we have requested from our officials in western Canada with respect to this matter. I expect however that we will have that information on Monday.

ARMED FORCES

CANADIAN ACTIVE ARMY REGIMENTS—QUESTION OF SENIORITY

On the orders of the day:

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the Minister of National Defence whether he has for the record in *Hansard* an answer to my question of yesterday, to which he said he would send me an answer by letter.

Hon. Brooke Claxton (Minister of National Defence): The answer is yes, Mr. Speaker.

Mr. Churchill: A supplementary question—

[*Later:*]

Mr. Churchill: I have a question, supplementary to the one I asked yesterday, to put to the Minister of National Defence. Will the minister amplify his reply to me in order that the record in *Hansard* will make sense, or will the minister answer this question in a monosyllable? Are the regiments of the Canadian army active forces, as shown on page 2844 of *Hansard*, listed in order of precedence?

Mr. Claxton: I have already answered, but I shall be very happy to do so again. The answer is again yes.

HOUSE OF COMMONS

SOUND AMPLIFICATION SYSTEM—AUDIBILITY OF DEBATE

On the orders of the day:

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I wish to ask a question but not of any member of the cabinet in particular, and I am not sure that it can be asked as a question of privilege. Therefore I shall address my question to you, sir. May I say that within the last week it has been most difficult to hear questions and answers in the house. I would ask that this sound amplification system be examined to see whether something can be done to improve it.

Mr. Speaker: Perhaps I might offer some comment on the request of the hon. member. It would seem that in order to test the system

experts of the corporation in charge of the operation of the system would have to sit in the house while the house is sitting. This involves a matter of privilege. Would hon. members be prepared to assent to having one—

Some hon. Members: No.

Mr. Speaker: —who is not a member of the house—

Some hon. Members: No.

Mr. Speaker: —sit in one of the chairs provided for members on the floor of the house, in order to test the system as it now operates, from various corners of the chamber? That has been the question that was before us. And I wish to inform the house that I told officials of the company that in my view it was not possible, and that we would have to arrange for other means. Perhaps, when the house is not in session, some morning we could have some members come to the house and co-operate to the extent of reading documents in order to permit these gentlemen to make tests.

However, we are looking into the matter, and I am glad to have had the general sense of the house as to the view I have just expressed—that we do not want to transgress upon the age-old privileges whereby only members of the House of Commons can sit at their desks when the house is in session.

Mr. Richard (Ottawa East): May I suggest to the corporation, when they are consulted, that these loudspeakers would be much better if they were at the back of the listener than in his face, as they are now.

Mr. Speaker: That has also been suggested. I believe the Minister of Public Works and his officials are looking into the matter.

Mr. McIvor: On a question of privilege, there is one thing we do not want, and that is to go back to the old system.

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM—PROVISION FOR EMPLOYEES

On the orders of the day:

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, while we are on the subject of microphones, perhaps I might deal with a question asked yesterday by the hon. member for Vancouver East (Mr. Winch) and the hon. member for Kamloops (Mr. Fulton) having to do with the proposed purchase by two private companies of the government telephone and telegraph facilities in the province of British Columbia.

[Mr. Speaker.]

The target date for the transfer of the British Columbia Telephone Company to the Canadian National Telegraph Company is April 1, 1954. Unless there is some difficulty over which we have no control, I hope it will be possible to conclude the agreement by that date.

On the matter of transfer, there has been thus far satisfactory progress, and the maximum effort is being made by both these companies, the British Columbia Telephone Company and the Canadian National Telegraph Company, to work out means of absorbing the personnel employed at the present time. I am not in a position now to make a complete statement, but I shall make a full statement when the matter of the transfer is ready.

On the question of the survey that my hon. friend referred to, if he had in mind the appraisal which was made jointly by the British Columbia Telephone Company and the Canadian National Telegraph Company and the officers of the government, then I have no objection to his seeing it. I may say to him, however, that it is a voluminous and highly technical document. If he insists on seeing it, I shall instruct one of the officers of the department to place the document at his disposal.

Mr. MacInnis: May I ask a supplementary question? I was informed by the government employees that their contributions to the unemployment insurance fund were discontinued as from January 1 of this year. Is that correct?

Mr. Chevrier: I would not be able to comment on that; I will have to inquire from the officers, and in so far as unemployment insurance is concerned I do not know what the position is; but it would apply only in the case of those employees who are not being absorbed, and so far as the information in my possession is concerned it is my understanding that all those who meet their employment requirements will be taken on by either company. I say that, but it is of course subject to correction when the agreement has been concluded.

Mr. MacInnis: May I ask another supplementary question? What struck me as strange was that whether or not they were to be absorbed by the two companies taking over the business, they should be deprived of the protection of unemployment insurance before their employment with the government was terminated.

Mr. Winch: In view of the minister's answer may I ask a supplementary question? Can the minister inform us when the present

employees of these two services will be taken into the confidence of the government and the companies as to what provision is being made? They do not know now.

Mr. Chevrier: I am afraid I will have to answer that even the minister does not know now because the matter is under negotiation, and until the negotiations are completed it is not possible for me to make any statement, let alone inform the employees.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

360. Departmental administration, $821,732.

The Chairman: Hon. members will find the item on page 51 and the details on page 430.

Mr. Shaw: Just prior to the adjournment of the house last night I was commenting upon certain administrative and policy changes in the Department of Public Works which would at this stage seem to suggest that five public works projects for Alberta which were approved by parliament on May 9, 1953, have now been abandoned. These projects were at Claresholm, Coleman, Innisfail, Lac la Biche and Vermilion. Being a confirmed optimist, and having complete faith in people, I had expressed the hope that under vote No. 401, which provides an appropriation of half a million dollars for advanced planning of projects including acquisition of sites, the aforementioned projects would be proceeded with. Either that, sir, or that provision has already been made to include those five projects in the supplementary estimates for the fiscal year ending March 31, 1955. Whether or not I am to continue to be a confirmed optimist will depend entirely upon the information which the minister is able to give to me.

Last night I indicated that one of those proposed projects was in my constituency, in fact in my home town of Innisfail. Last night I indicated the various steps and procedures which had been followed in an effort to secure an appropriation for that public building in the town of Innisfail. I indicated that first the town council and the board of trade took an active part. It was my privilege to accompany them to Calgary to confer with the post office officials in the district office at that point. I have reason to believe, as indicated yesterday, that Calgary must have reported favourably upon this project, because the next information which I received was that the Post Office Department had placed the project in "A" category and were extremely hopeful that it would be proceeded with.

The Post Office Department obviously convinced public works that this was a desirable and necessary project, and in convincing public works they must have been able to convince the then minister of public works because, as indicated before, these five projects, more specifically the one that I am primarily interested in, were included in the supplementary estimates for the fiscal year ending March 31, 1954.

May I just make brief reference to that appropriation because it may be misleading to some hon. members. On page 26 of the supplementary estimates which were tabled in this house one year ago, under "Alberta" reference is made to "Vegreville public building, additions and alterations, $50,000". Then it says:

> Acquisition of sites and preparation of plans for public buildings at Claresholm, Coleman, Innisfail, Lac la Biche and Vermilion, $80,000.

Then the total of $130,000 is given. Then it says:

> Less estimated amount by which actual expenditure on all projects listed in these supplementary estimates and the main estimates will fall short of the total of amounts that may be required for each, $129,999.

Then there is a line under that and then the figure "$1". Really what this house voted was $1. If we were to leave it at that point the answer to my problem would be completely obvious. However, I must take the committee back to last May 9, at page 5053 of *Hansard*. On that date the hon. member for Macleod was discussing this matter. He and I had previously discussed this appropriation because, as I indicated before, two of these projects were to be located in his constituency. The hon. member for Macleod is reported as having said:

> When does the minister expect that the work of acquiring sites and the preparation of plans for these buildings will be started? In asking that question there is one other point I should like to raise. In reality this is a vote of $1, but the items in the details show an expenditure of $50,000 for the building at Vegreville and the acquisition of sites and preparation of plans for several other buildings to the amount of $80,000, making $130,000 in all. Then there is a footnote indicating that this amount is less the estimated amount by which actual expenditure on all projects listed falls short of the total of amounts that may be required for such.
>
> Therefore my understanding is that all we are voting is $1 and that in voting the $1 we are also voting approval of the projects listed to the amount of $130,000. It is also my understanding that the projects will be proceeded with if there is money to spare from other projects or if other projects do not cost the amount of money we have voted for them. Is that correct?

Then the hon. member for Macleod went on to say that he hoped the inclusion of these items in the estimates was not merely dangling carrots before the people. Then the minister of public works went on to say this:

I can put the hon. member right. First of all, the explanation of the $1 item is that it is to authorize the department to draw on the main estimates for the province of Alberta in the construction of buildings or acquisition of sites. We expect that the main vote will be sufficient to cover some of these projects, if not all of them.

Then further down the hon. member for Macleod in referring to the minister had this to say:

He explained to me on one occasion that he has a whole list of projects and that they go from the top to the bottom. There is a certain formula that they follow and I take it that the time has now come when these projects will be carried out. I do trust that the work of at least acquiring sites and making plans and preparations will go forward this year. Does the minister think they will go forward this year?

The minister of public works replied as follows:

I just wanted to say to the hon. gentleman that it is not the minister who approves of these; it is parliament as a whole which is asked whether we shall go ahead with these projects. Now, parliament has great confidence in the Minister of Public Works and if they give him that authority I will see that my officials, although not perfect, will proceed as hastily as possible with the different projects.

I realize that that was a former minister of public works who was speaking but let me emphasize that what he said was that parliament had approved of these projects when it voted that particular vote in the estimates. Parliament did that, Mr. Chairman. When the minister of public works said that parliament had great confidence in the minister of public works, he was referring to himself maybe, or maybe he was referring to the office. I would say that we have great confidence in the present Minister of Public Works and we trust that he will adopt exactly the same attitude as his predecessor adopted with respect to this matter.

Let me remind the committee again that no matter what has transpired in the interval, parliament did approve of these five projects. I trust that the minister has not considered this whole matter so lightly that he found it easy to relegate the decision of parliament to the garbage heap. I am not suggesting that that has been done; I certainly hope that it has not been done.

It could be argued that perhaps the board of trade of the town of Innisfail, that perhaps the town council, that perhaps the member of parliament who lives in that town could have erred in assuming that we required a new public building. Perhaps the district post office officials in Calgary erred; perhaps the Post Office Department here in Ottawa erred; perhaps the minister of public works erred; perhaps parliament erred. But if that is true what a formidable array of errors there were.

I am going to suggest to you that none of them erred. If an error was committed I am afraid we would have to charge the present Minister of Public Works with having committed it, because we would have to conclude that if these projects have been deleted he looks upon the decisions of all those groups that have been mentioned as being wrong, as being unjustified, as being unwarranted, et cetera, et cetera.

Maybe the Minister of Public Works would be interested in something. I had occasion to go back to my home town just about a year ago today. When I arrived there I heard a song being chanted by some people. I never could make out the exact words, but it seemed to go like this:

Shaw, no public building;
No Shaw, a public building.

That little ditty was being chanted by some of my friends who have never wished me evil except that they would like to see me defeated as a candidate. Otherwise they would not want to harm me at all. Nevertheless that is the ditty that was being chanted. Let me tell the minister and the government that I found myself in one of the most peculiar positions that a member of parliament could find himself in just a year ago. Those people who were chanting that ditty—

An hon. Member: Swan song.

Mr. Shaw: —were trying to convince certain people, in fact what they were saying was that as long as Shaw was their member of parliament they would never get a public building in Innisfail. Do you know what I told the people. I said that in the 13 years I had been a member of parliament I had never had cause to believe that the government at Ottawa had discriminated against me or against my constituency because I happened to be a member of the opposition. I said that because I thought it was true.

At that time we had Liberals, by inference at least, actually charging their own government with discrimination while I, facing a Liberal as my most formidable opponent, was defending the government and defying them to produce one iota of evidence to prove their charge. After all, Red Deer constituency has had an opposition member for 32 years. I am not unmindful of the fact that when they needed a public building at Red Deer, $500,000 was spent. I was then, as now, the member.

What is my position today after having defended the Liberals, after having asserted that I was convinced that the Liberals believed in democracy, in the democratic right of people to choose whomsoever they desired to represent them? What am I to say after having stated to these people that the charge of the local Liberals was absolutely false, that the preparations had been made, that the minister had given absolute assurance that the project would be proceeded with and that parliament had passed it. There was not a dissenting voice in this House of Commons. Now I will be going back for the Easter holidays and I trust that the minister will have this in the supplementary estimates before I go home, because then I will not have to say, "I thought I knew them, but I do not."

This is not a matter that I want to drag around in the political sense at all. The members of the board of trade, the members of the town council, do not look upon themselves as being Liberals, Conservatives, Social Crediters or anything else, when dealing with community problems. They are interested in their community, they built up a case for a building and that case was carried through to this parliament. It was approved by this parliament and I am asking the minister to honour what parliament committed itself to. Otherwise perhaps he can indicate to me an item hidden somewhere in the supplementary estimates covering an appropriation to carry out that commitment by parliament. It is not just a question of a post office, it is a question of adequate quarters sorely needed by the Royal Canadian Mounted Police, and adequate quarters for the V.L.A. in that community.

I shall not take up any more time of the committee, Mr. Chairman. I shall wait for explanations before I come to any final decision so far as my next action is concerned, but I would urge the minister to give me some indication—

Mr. Byrne: The same old song.

Mr. Shaw: Let me say to the hon. member that no matter what the song might have to be it will not worry me personally. In fact it may enable me to go back later and say, "Well, I guess you were right. I could not properly assess Liberals even after 13 years."

Certainly this is more than a joking matter; it is a very serious matter of principle. I have great confidence in the Minister of Public Works. I feel we can rely on him to honour commitments made by his predecessor in this respect and carry out the unanimous decision of this parliament as far as that project is concerned.

Mr. Green: Mr. Chairman, this is the administration item of the Department of Public Works and as hon. members know it has been customary to deal with the broad problems of the department upon this administration item. That is what I propose to do on behalf of the official opposition. There are several points to which I wish to refer and I would like the minister to take each of them into consideration when he makes his general reply. I hope he will deal with all of these questions I am about to raise.

The first one has to do with the annual report of the department. I do not know whether it is a coincidence, Mr. Chairman, but you will have noticed that earlier in the proceedings today the minister's parliamentary assistant tabled a loose-leaf typed copy of the annual report of the Department of Public Works for the fiscal year ended March 31, 1953. For all practical purposes we are asked to consider the estimates of his department on the basis of a report for the year ended March 31, 1952, almost two years ago. That, of course, is a most inefficient way for the department to do business. It is contrary to the laws of the land and I can only express the hope that this will not happen again.

The statute which governs his department is known as the Public Works Act. Chapter 228 of the Revised Statutes of Canada, 1952, section 34, reads as follows under the heading, "Report":

> The minister shall make and submit to the Governor General an annual report on all the works under his control, which shall be laid before both houses of parliament, within twenty-one days after the commencement of the session, showing the state of each work and the amounts received and expended in respect thereof, with such further information as is requisite.

All too frequently ministers of the present government have ignored provisions for the tabling of reports which, in effect, means belittling parliament and handicapping hon. members of the house in their work.

Mr. Winters: Might I just say that that provision, while it is worded as the hon. member has correctly quoted, was put on the statute book at a time when it was contemplated that sessions of parliament would start after the new year rather than in the fall as at the present time.

Mr. Green: That may be so, but even if this session had started about the middle of January the report would have been due early in February. This practice of ignoring the provisions for tabling reports is unfair to parliament, unfair to hon. members and unfair to the Canadian people. I realize the minister is new in his department so it would

not be right to place all the blame on his shoulders, but may I repeat in all kindness that I hope it will not happen again.

Mr. Winters: So do I.

Mr. Diefenbaker: That is a pious hope.

Mr. Green: The second point to which I wish to refer is that there is no indication whatever in the estimates of the Department of Public Works that it is adopting recommendations which have been put forward for many years to the effect that this department should no longer be by-passed by other departments in the construction of public works. The practice has grown up under this government whereby practically every other department of government constructs public works of various kinds. As I understand it, the intention right down from confederation has been that construction work done by the government should remain under the supervision of the Department of Public Works except under extraordinary conditions. The official opposition, and I believe hon. members of other opposition parties, have pointed out time and time again that this new practice is wrong and have urged that something be done about it. I hope that under the new minister a stop will be put to this practice.

I would like to refer the minister to the report of the Senate committee on finance which sat in 1952 under the chairmanship of my very good friend Hon. Thomas A. Crerar, who served in the House of Commons with great distinction for so many years. With regard to this practice of by-passing the Department of Public Works by other departments, I quote from page 342 of the proceedings of this committee which sat in 1952, two years ago. The proceedings are reported as follows:

> We draw attention to the items in the civilian estimates that have to do with the construction or acquisition of buildings and works, their repairs, and their upkeep, and rentals for buildings which different government departments require. The total amount under these three items found in the public works department estimates is slightly in excess of 80 million dollars.

I point out that that is for the fiscal year 1952-53. The report continues:

> The total for all departments of government under these items is in excess of 163 millions. Under the Public Works Act, the public works department of Canada has the responsibility of providing and maintaining all the public buildings and works required by the other civilian departments. It is true part II of the Public Works Act makes an exception to the effect that the governor in council "may at any time transfer the management, charge and direction of any public work, or any power, duty or function with respect to any class of works, whether public or private, which is assigned to or vested by statute in any minister or department, to any other minister or department." But surely this was only intended to meet special circumstances, and was never intended to be used in the broad sense in which it is used today.

Senator Crerar's report continues:

> From the figures just quoted, it would appear that other departments of government combined are directly spending more for these purposes than the public works department which is primarily charged with this responsibility. For example, the Post Office Department, which requires public buildings all over Canada, either through building or rental for post office purposes, and requires to have them repaired and maintained, has all this work done by the public works department, as was intended under the act.

That is one good mark at least for the Post Office Department which has been under such heavy fire during the present session. The report continues:

> The question naturally arises, why should this not be done for other civilian departments of government? When, for example, the Department of Agriculture, or national revenue, or national health and welfare—

Fortunately all three ministers are in the house at the moment.

> —directly provides for their own needs by building, or rental or both, they have to provide their own architects, their own engineers, and their own servicing establishment generally. It certainly appears that this can have no other effect than duplication and overlapping and the inevitable general increase in costs that is bound to result from this practice.

And the report concludes on this particular matter—

Mr. Martin: What is the hon. gentleman reading from?

Mr. Green: If the Minister of National Health and Welfare had not been gossiping, he would know what I am reading from.

Mr. Martin: I was gossiping about some extremely important things. The hon. member happened to mention my department, and I am asking him as a matter of courtesy what he is reading from. If he does not want to tell me that is all right.

Mr. Green: I am only too glad to do so. I am reading from a report of the Senate committee on finance which sat in 1952.

Mr. Martin: Oh, oh.

Mr. Green: The minister may laugh it off but I think this report is fairly sensible. This report concludes as follows:

> There are exceptions in the case of departments which have services abroad. The office space and maintenance which they require abroad will be secured more economically by such a department directly. But practically all of these expenditures, to which attention is drawn, are within Canada and, with very few exceptions, as for example the maintenance of buildings and roads in national parks, we do feel that this part of the administration of our public business should be under public works.

That was two years ago. Let us look and see what attention the government has paid to that report. I have here the figures for the fiscal year 1953-54, which was the first year after the report. We also have, of course, the figures for the current fiscal year 1954-55. Both those sets of figures will be found in the "summary of standard objects of expenditure and special categories" which is in the little pocket at the back of the book of estimates we are considering.

For the year 1953-54 the Department of Public Works was voted approximately $81,700,000 for the building of public works. By the way, this item is known as "Construction or acquisition of buildings and works, including land". For the other civilian departments—that is excluding the defence departments—the amount was practically as much for buildings and works, $79,300,000, and for the defence department, including defence production, $286,400,000.

Mr. Winters: I wonder if my hon. friend would allow an interruption. I shall deal with this matter at greater length later but I would say that in many of these instances in which other departments carry the moneys in their estimates, the Department of Public Works actually carries out the project.

Mr. Green: I had that view too, Mr. Chairman, but in this latest departmental report which covered the period ending nearly two years ago, we find that the amount of money spent by the public works department for works and buildings but voted for other departments was only $10,500,000. It is a long way from that figure to the figure of $80 million.

Then in the current year, this present year, if hon. members will refer to their estimates they will find that the Department of Public Works is being voted for works and buildings $79,200,000, approximately, and that other civilian departments are being voted for the very same objects $78,500,000. Again practically as much is being voted to the other departments as to the Department of Public Works. The defence departments are getting less than in the preceding year, namely $214 million.

Let us take a look at the departments that are the worst culprits in this regard for this year, the year 1954-55. Here they are. First there is the transport department, $33,700,000; and mind you there is some excuse for much of the amount spent by the Department of Transport for public works. Then the Department of Agriculture, the second worst offender, $10,700,000; national research council, $6,100,000; the fourth culprit, Department of Citizenship and Immigration, $5,100,000; national harbours board, $5 million; Department of Veterans Affairs, $4,900,000; Department of Northern Affairs and National Resources, $3,700,000; Royal Canadian Mounted Police, $3,600,000; Department of External Affairs, $1,500,000; Department of National Health and Welfare, also $1,500,000.

Mr. Martin: Be careful what you say about us.

Mr. Green: Surely the minister would like to have a few suggestions for improving his department?

Mr. Martin: They are always welcome.

Mr. Green: Then there is penitentiaries, $1 million. Those are only the worst offenders. Practically every department in this estimates book is spending a great deal of money on works and buildings. I suggest that the time has come to stop this sort of business and for the Department of Public Works to do the building for this country. The result would be a reduction in the number of architects and professional men; in fact I am sure there would be a great saving to the country.

Now I should like to say a word about the works and buildings for defence. The defence departments get away with quite a lot. They can always say, "We are defending the country; leave us alone". They get away with that in the House of Commons as well as outside of it, and I think the time has come to have a look at what they are doing with regard to expenditures for works and buildings.

I find that, according to the public accounts—I cannot get the figures from the report of the Department of Public Works because we have not yet received that report—for the year 1952-53, shown at page 43, the Department of Public Works spent $81·8 million on works and buildings. Then going to the report of Defence Construction (1951) Limited, or rather to the report of the Minister of Defence Production, who is the minister responsible for that crown company, I find at page 2 that during the fiscal year 1952-53 payments made by Defence Construction (1951) Limited amounted to $220,120,000 for public works. In other words, they spent about three times as much as the Department of Public Works.

Before the war most of the construction for the Department of National Defence was done by the Department of Public Works. I know it was the Department of Public Works that put up the forts around Vancouver. I suggest that the time has come when the Department of Public Works should

at least do a lot of this construction that is now being done under the Department of Defence Production. In any event this crown company, Defence Construction (1951) Limited, should report to the Minister of Public Works rather than to the Minister of Defence Production so that we would get as much responsibility as possible for works and buildings in Canada where it belongs, that is under the direction of the Department of Public Works.

The third point I wish to place before the minister is this. There appears to be no longer any pretence that his department or any agency of government has a shelf of employment projects. We have been led to believe down through the years that the department had, in a pigeonhole somewhere, a lot of plans for public works that were to be used to give employment. I believe that idea started with the dominion's proposals in August, 1945, known as "Proposals of the Government of Canada", and contained in the green book. On page 26 I find this:

To follow the program proposed, the dominion is making provision that:

(i) all basic survey and research work on which an expended resources program depends be gone ahead with as rapidly as possible;

I stress this second paragraph.

(ii) advanced planning of projects be carried out on a sufficiently large scale to have an adequate reserve at all times for the timing purposes of the dominion public investment program.

That was a fairly clear-cut statement of policy, and I think members of the opposition and the Canadian people were entitled to take from it that the department actually had or would set up a shelf of employment projects. Now, with the new minister, we find that is a will-o'-the-wisp. He made a speech in Montreal three days ago, and I am reading from the report appearing in the *Gazette* on March 10. The heading is, "Public Works aim not to relieve unemployment".

Montreal; works minister Winters last night rejected the idea that public works be used specifically to relieve unemployment.

A public project, to be of real value, should carry with it the prospect of contributing to the long-term growth and development of an area, he said in a speech to the Montreal amateur athletic association.

This dispatch goes on:

Public works themselves did not necessarily provide many jobs. An example was the $23 million Canso causeway linking Cape Breton island and the mainland of Nova Scotia. Less than 200 men were required to keep the project up to schedule.

The minister may be right or wrong in taking that stand, but I believe the Canadian people are entitled to know whether or not it is still the policy of this government to organize a shelf of employment projects or whether that plan has been dropped.

[Mr. Green.]

The fourth point has to do with the expenditures for the Department of Public Works contained in these estimates. Hon. members will notice that there has been an increase of about $6·5 million over the last fiscal year. In effect, there will be a far greater increase because the department has adopted this new policy of trying to put in the estimates only those projects which are to be constructed, and as I understand, it is only asking for enough money to pay for the portion of the projects that will be done during the fiscal year. In effect, therefore, there is a very large increase in the amount of money being spent by the department during this fiscal year. There are some items which I believe require an explanation from the minister.

Hon. members will note, on looking at this summary of standard objects of expenditure and special categories, the main increases under these items. First of all civil salaries and wages show an increase. I do not believe anyone can quarrel with that, because I presume the increase is largely due to the increases in salary which have been given to civil servants generally. I go on to refer to eight other items, and I should like the minister to explain why the increases are necessary in each one of these items.

First of all is professional and special services, which item is going up this year by approximately $100,000. Secondly, freight, express and cartage is going up $70,000. Office stationery, supplies and equipment and furnishings is going up $125,000. Materials and supplies is going up $250,000; repairs and upkeep of buildings is going up by $1,100,000. Rentals of land is going up by $340,000. I am giving the round figures. Repairs and upkeep of equipment is going up $125,000. Municipal or public utilities services is going up $300,000.

Now, these are all substantial increases, and I would ask for an explanation as to why it is necessary to come to parliament and ask for these additional amounts for these particular services.

My fifth point has been well illustrated by the hon. member for Red Deer. It is this. The estimates for the last fiscal year appear to have been padded and, I can only think, were padded for election purposes. I would refer hon. members, for example, to page 439 of the estimates book, where we find the estimates for the architectural branch of the Department of Public Works for Newfoundland. We find there that the estimate for 1953-54 for Newfoundland was $717,000. From that there was deducted the estimated

amount by which the actual expenditure on all listed projects would fall short of the total amount that might be required for each, $67,000. This left $650,000 which the government said was going to be spent in Newfoundland in 1953-54. We find that what was actually spent was $61,000. Mind you, a portion of that amount for the period, from the end of December 1953 to March 31, is an estimate but the figure there for the estimated total expenditure for Newfoundland is $61,000. This is less than one-tenth of the vote after there had been deducted from that vote an amount which it was calculated might not be spent.

Now, to say the least, that looks suspicious. I may be wrong, but it certainly looks as though that estimate was padded. I do not know why it should have been padded unless it was for election purposes so that government candidates could hold out to the voters in these different constituencies the prospect that public works were to be built. They could say, "There is a vote for a building for so much, and will you please vote for the Liberal candidate.". The Nova Scotia vote will be found on page 440. The figures there are not as bad, with about 50 per cent of the amount estimated being spent. The figures for New Brunswick are bad too, and they will be found on page 441. The figures for Ontario are found on page 445, and there again they are bad, the amount spent being about half of the amount voted.

Next to Newfoundland, Alberta was the worst. Perhaps the government had to promise more there than it did in other parts of the country. The figure for Alberta is found at page 447. The vote was $2,680,000 and the amount deducted that they would not be able to spend was $379,999, leaving a balance of $2,300,001. They spent $460,000, or in other words about a fifth of what they voted. The figures for British Columbia, my home province, are much the same. The vote there, after making allowance for what could not be spent, was $4,050,000, and the amount actually spent was $2,056,000.

Those are the figures only for the architectural branch of the Department of Public Works. The same picture, although perhaps not quite so bad, is found in the engineering branch.

Then the sixth point I shall place before the minister—and he will be glad to hear that I have only nine—has to do with what are known as government contract regulations. These are regulations which were passed under the provisions of the Financial Administration Act. I would ask the minister to explain some of these provisions.

In the first place, when the full regulations were last passed—and this was on December 29, 1953—there was a provision with regard to construction contracts. The provision covered only works to which section 36 of the Public Works Act did not apply. Section 36 of the Public Works Act is the section which requires the calling of tenders. Apparently when these regulations were first drawn up they did not interfere with what was done under the Public Works Act. However, now we find that on February 25, 1954, an order in council was passed deleting from these regulations reference to the Public Works Act. This would appear to be a case of by-passing that act. So that now all construction contracts, including public works contracts, can be let under these government contract regulations instead of under the Public Works Act.

I may be wrong in this, but I suggest it calls for an explanation by the minister. In connection with these government contract regulations we find that "tender" is defined in a peculiar way. Section 1 (i) of the regulations is as follows:

> "Tender" means (i) in respect of a construction contract, a tender invited by public advertisement and (ii) in respect of a purchase or service contract, a tender invited by public advertisement or from a representative list or lists of suppliers.

That would seem to be a pretty broad definition of a tender when it can mean purchase merely from a list of suppliers, without any tender being called. Yet it is considered a tender. When the minister explains this I would ask him to tell us how these lists are made up.

For example, in Ottawa how has it been the practice to make up the lists? We hear rumours of certain firms being able to get on the list and of other firms not being able to get on. I think probably that system has existed in a good many other parts of Canada. I would like to know from the minister whether a stop will be put to that sort of business.

Mr. McIvor: Mr. Chairman—

Mr. Green: Perhaps they do not do that sort of thing in Fort William or, if they do, the hon. member does not know about it.

Mr. McIvor: I know Fort William.

Mr. Green: The seventh point is much the same. Is there to be any change in the method of buying and renting property by the Department of Public Works? On some occasions there seems to be a kind of mental telepathy between the department and some of its good friends around the country, when it comes to buying or renting buildings. We had a case in Vancouver a few years ago of

a building called the Alvin building, which was built by friends of the government, under an agreement with the government, then rented by the government and bought by the government at a price far higher than should have been paid. But those friends were sitting there in a position to be able to put up that building. It is true that it was done through a company; but of course they were all members of the company.

Then we have postal stations and letter-carrier depots in Vancouver in respect of which a similar situation prevails. That is, people who are actively engaged in Liberal party work have at least been able to rent buildings to the government—perhaps not personally, but through companies they control. Is there to be any change in that sort of business? We have a new look, supposedly, in the Department of Public Works—a new minister and a new deputy minister. Is there to be any change made in the method by which property is bought or rented?

The eighth point is this. Will the minister explain complaints contained, concerning his department, in the public accounts. These are complaints made by the Auditor General in respect of the public accounts for the year ended March 31, 1953, and the particular part to which I refer is found at pages 12 and 13 at the back of the book. I shall not go into them in detail, but I would point out that the first complaint refers to the department's having cancelled an account receivable without obtaining what the Auditor General considered a proper authority. The second complaint has to do with the return of a deposit which had been put up by a contractor. This seems to be the more serious, and the Auditor General has this to say:

> During the spring of 1951 a firm was awarded six contracts for the supply of post office lock boxes. Delivery dates were stipulated, but the contractor failed to deliver on time. As a result, two contracts, involving $24,125, were cancelled in May, 1952, and the work awarded to another contractor whose price was $3,796 higher. Nevertheless, the security deposits of $2,412 given for due performance of the two contracts were, with the approval of treasury board, returned to the contractor. Parliament having directed that "good and sufficient security" be given for "due performance of the work within the amount and time specified for its completion", it would appear to follow that, when a contractor defaults in performance, the deposit becomes revenue and any adjustment, as an act of grace, should be recorded as a charge to a vote.

That seems to be a very reasonable complaint by the Auditor General, and I hope the minister will be able to assure us that this sort of short-cut is not now being followed by his department.

Finally, I would ask the minister to explain what is going on in British Columbia about the power development on the big bend of the Columbia river. I ask that because in the last few days statements have been made, both in the British Columbia press and in the Ottawa press, to the effect that General A. G. L. McNaughton, who is, as hon. members know, Canadian head of the international joint commission, had been in British Columbia interviewing the minister of lands and forests there, Mr. Sommers. As a result of those interviews the people of our province have been told that there is to be a $400 million 600-foot high dam constructed on Mica creek on the big bend of the mighty Columbia river. It is to start within eighteen months, and it is said that it will give British Columbia an estimated one million horsepower and will take seven years to complete and open up vast development possibilities in the interior. There is a similar dispatch in the Ottawa paper.

These dispatches read as though this plan is all set to go. I am not criticizing the plan; I think the development of the Columbia power is a very worth-while project; but what I should like to know from the minister is just what truth is in these reports and what plan is under consideration.

It is of vital importance to him, not only from the angle of construction of public works but because this plan will flood quite a few miles of the trans-Canada highway. When we asked the minister last year whether the route of the trans-Canada highway was going to be changed he said no, it was to be around the big bend of the Columbia river. If his department is involved in it for no other reason, it is because he has charge of the trans-Canada highway development in the dominion. Therefore, when he answers the various questions placed before him this afternoon I hope he will deal with this particular question.

Those are all the points I have to place before the minister. I hope that this new look which the papers have been trying to give to the minister and his department in the last few weeks will turn out to be substance, not just fiction.

Mr. McIvor: Just a brief word; I was one of those who were greatly pleased when the Prime Minister thought it wise to appoint the hon. member for Queens-Lunenburg as the Minister of Public Works. I knew he would be quite fit to take care of himself physically or mentally for anything that the opposition had to throw at him, and I have not been disappointed. I can see him kneeling behind the base and catching every baseball that came, and that is what he has been doing. He has been catching everything and delivering it in such a way that the team, which is the people of Canada, can appreciate his

deliveries. It is seen in the way that he handles the housing question. He answered all questions, and he delivered the goods in such a way that it will be a credit to Canada.

I must say that I was greatly pleased when I had a delegation from Fort William come down and interview the minister in connection with projects in Fort William that we think we need and have been trying to get for some time. He received that delegation from the city council and the chamber of commerce courteously, and he answered them intelligently. He sent them away feeling rather comfortable, believing that they would get what they asked for. I would remind him and his officials that those two projects are, first, the breakwater in front of Island No. 2 that we have been after for 16 years. I am going to tell the minister now that I hope that I shall be long enough in this house to see that project carried on, and I do not feel like quitting for a while yet. But the sooner it comes the better.

The other project has to do with a public building. We are paying out over $30,000 a year in rent for dominion offices. We think that we should have those offices in one building which up to now would be tax free. I am just reminding the minister of these things. We do not want to push unduly at Fort William, but when the place is growing and growing and showing rather a progressive spirit but still not very conservative, we think we should get a start on those things, and I am looking for them.

There is just one project that I should place before the minister. Since he is an outstanding athlete himself and knows how to keep his body in shape, he knows he cannot keep his body in shape unless he has the means to do so. Anybody will admit that surplus fat is a deadweight on any individual, and it does tend to mental obscurity and lack of clearness. There should be some place around this House of Commons where one could do physical exercises. I would prefer it to be underground. Since there is lots of rock around here, a place should be blasted out for a gymnasium and swimming pool. In time of war it could be turned into a shelter. I know the minister will consider this favourably. I have been after it for a while. I know that hon. members who have got something on their chests would like to get it off. If they could go and punch a bag for a while instead of punching the opposition or the government it would do them good and it would keep their minds clear.

I should like to congratulate the minister on the way he handled the housing question and the ticklish question of the film board. I am sure that, before he is through, not only will hon. members from British Columbia, who were doubters, change their minds, but other hon. members will congratulate him.

Mr. Winters: Before I start my remarks in reply to several hon. members who spoke, I should like to thank the hon. member for Fort William for his very kind references and to express the hope that I shall be able to measure up in some small respect to the high aims he has set for me.

In reply to the hon. member for Red Deer, who apparently has left the chamber, I would do no more therefore at this stage than remind hon. members that the vote for the architectural branch, which was the branch in question, in the estimates for the coming year, 1954-55, is an amount of $3,600,000; whereas the corresponding vote last year was $2,300,000. There is an increase of $1,299,999 for the province of Alberta alone, thereby indicating that there is no attempt whatever to discriminate on any grounds that might possibly have been in the mind of the hon. member. What we are trying to do is to apportion the money we have in such a way that we shall get projects in a place rather than simply notations in the estimates book that hon. members are dealing with now.

Mr. Low: Would the minister at this time put on record the reason the change was made in these particular votes to which the hon. member for Red Deer made reference? Why was the change made after the house had voted them? It would be a good thing if that were on the record.

Mr. Winters: I dealt with that generally last night. The whole reason is that we are trying to evolve a system of including in the estimates just those projects that we are in a position to go forward with in the fiscal year in question. Some projects were not planned to the stage where we could go forward with them. Rather than put an amount in the estimates that did not mean anything and would just prevent us voting money for some other project that was ready to go forward, we had to consider the whole over-all program and just include this year those projects which we thought there was a good likelihood of doing something about. That does not mean that any project has been abandoned, but it does mean that each one must be considered on its merits and in relation to the relative urgency for having something done about the various projects in particular areas.

Mr. Macdonnell: Is the breakwater at Fort William all right?

Mr. Winters: That is another matter that will have to be dealt with on its merits, just as all other projects that are so dear to the hearts of hon. members.

I should like to deal now with the very good speech made by the hon. member for Vancouver-Quadra and compliment him upon the very thorough way in which he has studied the Department of Public Works, its estimates and also the role which he has in mind for this department. I am not in position to disagree with him in his remarks about the annual report except to make the qualification that when the statute placed a limitation as to the date parliament then had in mind that for the most part the sessions would be commencing after the new year rather than in the fall, as we have been doing recently. Therefore, the date pushes everybody pretty hard, but most of all the queen's printer. There has been a bottleneck there. Because of the statistical nature of the department's report it is difficult to assemble all the information. We did think that it might be helpful if we could put the report before hon. members today, even though it was in unbound form and even though it was not available to everybody. I thought it was better to do that than not to have it available at all. The printed bound copies I hope will be available to all in another two weeks. I hope in this respect we will be able to do better next year and we certainly intend to try to meet the requirements imposed on us by parliament.

For some years the hon. member has dealt with what he believes to be the proper role of the Department of Public Works in the general program of government construction. Here again let me hasten to say that I am not one to disagree with him. I think the general attitude of the government is that the time has come for the Department of Public Works to be re-established as the government's agency in the field of public works. The hon. member probably will recall that at the time the Prime Minister made the rearrangement of portfolios recently he transferred to the Minister of Public Works federal responsibility for the trans-Canada highway and Central Mortgage and Housing Corporation, both of which enter largely into the field of construction, as well as certain other responsibilities formerly carried out by the Department of Northern Affairs and National Resources.

We have been discussing with the Department of National Revenue, the Department of National Health and Welfare, the Department of Transport and other departments the extent to which we can get the Department of Public Works in shape organizationally and administratively to take on a larger volume of public works. As an example, recently the Post Office Department applied for an additional architect and we told them that we thought we could provide the architectural services they required. They agreed not to take on the architect but to leave that work with the Department of Public Works. The Department of Transport is another department that is considering transferring some of its construction operations to the Department of Public Works.

Speaking on behalf of the Department of Public Works, I know hon. members would expect me to say that I would not want to take on a volume of work that the department was not capable of coping with. We have had the organization of this department under close scrutiny for the past five months. Hon. members are probably familiar with some of the changes that have been made. In the first place, the former deputy minister, Mr. Emmett Murphy, a very competent engineer, reached retirement age and subsequently took his retirement. He has been replaced by the former deputy minister of the Department of Resources and Development, and previously the vice-president of Central Mortgage and Housing Corporation. I have worked closely with this gentleman when he was in those two capacities. He was asked to accept the position of deputy minister of public works, which he did. Hon. members know the fine record of accomplishment of Major General H. A. Young in the service of his country, in war and in peace. I am very happy that he has seen fit to come to this department.

Just prior to the rearrangement of portfolios the chief architect, Mr. Gustave Brault, took his retirement and was replaced by Mr. E. A. Gardner, who is the present chief of the architect's branch. Shortly after I came to the department the then chief engineer, Mr. Robert Blais, reached retirement age and retired. We promoted to that position the assistant chief engineer, Mr. A. A. Anderson, who is now doing a very fine job of work. But he also is reaching that inevitable period of life when retirement seems to loom just over the horizon.

We are endeavouring to rearrange both the architect's and engineering branches of the department. We have applied to the civil service commission for and they have approved the establishment of a new position in the architect's branch to be termed director

of property management and maintenance. That position has been established, a competition has been held, and we hope shortly that the successful candidate will be designated. We are endeavouring to set up in the Department of Public Works another position of chief engineer. Having regard to the fact that we have undertaken the trans-Canada highway and additional construction operations we need this new position. We hope in due course to have the organization in shape where we can expand and take on additional public works which we believe are the proper function of the federal government.

When the department is able to assume these additional works, then I have no doubt that other departments of government will be quite prepared to have the Department of Public Works do them. No department wishes to undertake work of a nature, particularly if it duplicates functions being performed by some other department which on the face of it is more appropriately designed to carry out the functions. The hon. member spoke of a shelf of public works.

Mr. Green: Before the minister goes on, may I point out also that I referred to Defence Construction (1951) Limited and suggested that that corporation should also come under the Department of Public Works and that the department should do some of the work now done by that corporation.

Mr. Winters: I think that is a suggestion that must be considered. I am sure that the hon. member knows that Defence Construction Limited has been having its construction contracts handled by Central Mortgage and Housing Corporation. While that corporation is not part of the Department of Public Works, it does report to the same minister. There is a close-knit arrangement of construction activities under the Department of Public Works and Central Mortgage and Housing Corporation. However, the suggestion made by the hon. member is well worth thinking about.

I recall discussing a shelf of public works with the hon. member on previous occasions. There are great difficulties in endeavouring to build up a shelf of public works. I do not think a shelf was too good a concept right from the start. Planning for public works is not something that is static in a country which has been growing and expanding the way this one has. We have been very hard pressed to keep up with current planning, let alone get ahead far enough to put anything in such a dormant state as to have it rest on a shelf.

It does not seem a concept with which one can comply in an expanding economy under such buoyant conditions as we have been experiencing when considering at the same time the shortage of engineers, architects, and other technical assistants. We believe in the principle of planning ahead, and my hon. friend will see in the estimates that vote 401, to which I referred last night, asks parliament to make available to the Department of Public Works the relatively small sum of $500,000 this year to enable the department to acquire sites in the many small communities where we are obliged to operate from time to time, and to do some planning with respect to these sites without actually committing ourselves at that stage to carrying forward a public work. That is something I hope we can develop as time goes on because I believe it will make for more orderly planning, more orderly budgeting, and more orderly scheduling of work.

My hon. friend asks why expenditure had increased in a number of categories as set forth in this summary of standard objectives and expenditures and special categories of service charges, and more especially with regard to maintenance charges. I am sure if my hon. friend were in the position in which I am he would be struck by the increased costs which follow the construction of every new building. There are increases in maintenance, service charges, cleaning supplies, janitor services, window cleaning, general run of the mill maintenance and in all those other requirements which are a necessary part of our expanding program of public works. To the extent that we are going to be asked by parliament to build new buildings, then we must be prepared to meet increased costs annually for servicing these new buildings. It is true that we save on rentals. But when we acquire a property to be owned by the crown, then the crown must be prepared to pay the charges necessary for servicing it.

My hon. friend dealt with government contract regulations and stated that there were some changes in them with which I must confess I am not entirely familiar because I did not quite get the point he was making. I believe it had to do with the calling of public tenders and I would like to tell him that it is the policy of the department to call for public tenders wherever that is feasible. I am a very strong believer in that myself. I believe it is a fair way in which to do business in almost every instance and it is the best way to do business wherever it is practicable. My hon. friend will find that we do as a general practice call for public tenders for public projects.

He referred to purchases from a representative list of suppliers. There are instances where it is not feasible to call for public tenders for relatively small amounts of supplies, and it has been the practice in the past, and I presume it will continue to be the the practice regardless of what government might happen to be in office, to establish lists of reliable and competent suppliers and to invite tenders from them when it is not feasible to call for public tenders. In my experience that policy has been administered fairly and, I believe, in such a way as to protect the public interest.

My hon. friend asked if there was to be any change in the method of buying and renting property. At the same time he said he knew of many occasions on which properties owned by friends of the government were ultimately bought by the government. I would like to think that all citizens of Canada are friends of the government. If my hon. friend were to occupy the position in which I am, and he heard the comments of his own supporters in the house, I think perhaps he would not attach too much importance to the rumours he hears to the effect that it is only supporters of the government who can sell property to the crown. Hon. members on this side of the house have on many occasions held exactly contrary views, but it is the policy of the department to buy on merit, and my hon. friend well knows that people these days do not get rich by selling property to the crown.

Mr. Green: There is to be no change, then?

Mr. Winters: I do not know of anything which would warrant a change in government policy and I am therefore not in a position to tell my hon. friend there will be a change. The policies which have been adopted and implemented by the government have been framed with the public interest in mind. But if my hon. friend knows of any instance where that is not true I would be glad if he would bring it to my attention.

My hon. friend's next point had to do with the Auditor General's report, and the hon. member mentioned two items in particular which evoked comment from the Auditor General. One had to do with the cancellation of a debt as an act of grace. I have quite a long answer in justification of that, but perhaps if I read the last paragraph it might satisfy my hon. friend.

The department took the stand (a) that it had not carried out its agreement; (b) that no service was performed and no value received by the contractor and that no debt to the crown was incurred by the contractor. For that reason the crown took the action it did.

The other point in the Auditor General's report dealt with by my hon. friend had to do with the return of a security deposit to a contractor in default. In reply to that I would say the officials of the department did not feel that security deposits could be considered as revenue unless and until they had been forfeited. Forfeiture was considered too drastic in this case and the treasury board approved the charges made by the contractor in view of the fact that the practice followed was approved by the treasury board under section 36 (a) of the Public Works Act, as the cost was in respect of calling for tenders. That was an act approved by the treasury board.

The last point dealt with by my hon. friend was the proposed development of a large hydroelectric dam at Mica creek on the northwest corner of the Big Bend highway. That whole project is still under investigation by my colleague the Minister of Northern Affairs and National Resources, who is responsible for the water resources division. My present concern is with the trans-Canada highway; and my hon. friend from Vancouver-Quadra quite rightly stated that if this dam, which I understand will be some 600 feet high, is built, then a substantial portion of the existing Big Bend highway will be flooded. The appropriate minister of the government of British Columbia, for some years before the present government took office and since, has been in communication with me in respect to this possibility. I told him that if he cares to go ahead with the construction of the Big Bend highway, and should it then be flooded out in whole or in part in that section, then his government would be completely indemnified for damages resulting from the flood.

I read with interest the report to which my hon. friend referred to the effect that the construction of this dam is more imminent than we imagined. I was somewhat surprised at the 18-month period mentioned. I would be inclined to think that it would be a little longer. However, studies are still continuing and there is a distinct possibility that a dam will some day be built there.

Mr. Barnett: At the outset, Mr. Chairman, as a native son of the Red Deer district and a nephew of the man who put Red Deer constituency in the opposition camp some 32 years ago, I should like to say that my soul was somewhat stirred by the plea made

by the hon. member for Red Deer a short time ago and I wish him well in it.

I am glad that we have heard the Minister of Public Works make his statement. From various sources since the appointment of the present minister to the position he now holds we have been hearing that changes were afoot in respect of the Department of Public Works. I was rather disappointed when, at the outset of the debate, he apparently did not see fit to make a statement as to what his thinking was about the future of his department. I am extremely glad to note that he was able to overcome his natural modesty and to give us some outline of what he has in mind. I think I can speak for other members in this group as well as myself and say that, in the organization and the planning of that department, we will welcome any change which makes it a more effective instrument of national development rather than, as at times in the past it appeared to be, something of a chore boy for other departments of government.

In this connection, may I say I was interested to note that in this year's estimates the amount allocated for the trans-Canada highway had been increased from $15 million, as it was in last year's estimates, to $20 million and that the amount to be spent in the national parks had been doubled. To me that was an indication that the kind of development that I should like to see taking place within the public works department has some reality to it. I feel that in many ways that is one of the most important aspects of our national development which now come within the jurisdiction of the Minister of Public Works. In that connection I came across one or two statements which I found represented very closely my own thinking on the matter. These statements were contained in an address by Mr. William A. Wecker, president of General Motors of Canada, Limited. I should like to quote briefly one or two of his remarks in this connection, partly because I imagine that no hon. member would consider that he is simply a wild-eyed socialist visionary as some people might be inclined to consider me to be. In connection with the project of highway development his remarks in part were as follows:

> . . . when confederation came into being . . . it was quite properly believed that the railway would be the prime instrument of the country's development, that roads would be of limited local concern and should, therefore, be left entirely to the provinces to build and maintain. The fathers of confederation acted quite properly for their day and age. They were deliberating just about 35 years prior to the appearance of the first motor car in Canada. And so roads have been principally the responsibility of small local governments and the provinces.

Then he goes on to say this, and I certainly agree with his sentiments in this regard:

> . . . Roads have become a matter of national importance. Most major traffic routes connect cities in different provinces and carry traffic of two or more provinces. Eventually they will be largely interrelated and interconnected in a national pattern of highways.
>
> . . . Roads are more than a provincial or municipal matter. They have become a national problem and must be treated nationally.
>
> . . . We must have a broader area of co-operation and understanding among road building authorities.

He then mentioned what to me was an extremely interesting fact, namely that the tonnage of freight carried annually by motor transport in Canada exceeds the combined total of that carried by rail, water and air. He also mentioned that there are 14,000 communities in this nation which are chiefly dependent upon highway transportation for their very existence. He also pointed out that between 1915 and 1933 the number of motor vehicles in Canada rose from 60,000 to one million, that it took another 15 years for the second million vehicles to be added to the roads, but that in only 4 years prior to the time at which he gave this address—and that was on October 20, 1952—another million motor vehicles had been added. The point of that statement, I believe, is that it indicates the accelerating rate of increase in the number of vehicles, as a result of which highways are becoming of ever greater importance from the national point of view. Then he goes on to say this:

> The Hon. Robert H. Winters, Minister of Resources, in a speech not so many weeks ago, probably touched the reason why the road builders are losing ground when he said that the volume of traffic on new highways is always greater than had been estimated.
>
> So rapid has been the increase in Canada's motor vehicle fleet—we have added 50 per cent to it in the last four years, as I explained earlier—that neither Mr. Winters nor any other highway planner could be expected to forecast exactly the physical expansion required.

That may be perfectly true. In addition to that, I was much interested in the remark made by the minister to the effect that they are making provision for a certain amount of advance planning. As a result of their initial venture into this field, I hope they may be able to pursue that particular idea on a larger scale as time goes on. In relation to highway development, particularly in connection with the matter of planning, an example that occurred to me as an indication of how planning, if it was carried on in advance, could be of benefit, exists in my own riding where at the present time we have a great many excellent highways being

built by some of the larger logging corporations. As their understanding and knowledge of forest management has increased, they have more and more planned their highway building in advance of their current needs so that they are able to conduct a much more flexible and economic operation, viewed in larger terms. I feel that is one of the major problems facing us today. One of the ways in which a revitalized public works department can be of real national service is if the minister and also parliament can translate into a national concept some of the energy, initiative and imagination that a great many able executives today are able to put into their planning in connection with private corporations. I have long felt that this is going to be the secret of the future growth of Canada, that it is going to be the way we are going to avoid some of the problems we were discussing not long ago in connection with unemployment. If, somehow, the members of this parliament and the citizens of this country can achieve a method of making use of the type of initiative which you find in many great organizations today on a national scale, then we shall be successful. In my opinion that is the crux of the problem with which we are faced. Actually that is why I find myself sitting politically where I do in this parliament.

Perhaps I might have pursued this subject at greater length if the minister had not made the statement he did, which has given us some of his thinking and some indication that he does intend to pursue a policy of expanding and developing the department. Perhaps this will be not altogether along the lines I have suggested but at least some steps in that direction are going to be taken. I shall conclude this part of my remarks simply by saying I wish him well in that aspect of his work.

I believe there is a rather formidable roadblock in the way of developing his department along the lines he has suggested. and along the lines for which we are hoping. I would illustrate that by saying that in the minds of the citizens of Canada, and I might go so far as to say in the minds of some of the members of this house, there is an unhealthy atmosphere surrounding the Department of Public Works. In my opinion that is one of the biggest problems facing the minister if he is going to carry out the kind of development he envisages for this department.

May I give an illustration of what I mean. I am going to read from a column which appeared in the Campbell River *Courier* on Wednesday, August 12, 1953. This column is written from week to week by the editor of that publication, and on that date he had this to say:

> Election of C.C.F.'er Tom Barnett as member of parliament for Comox-Alberni came as no surprise to those who saw the anti-socialist vote split umpteen different ways . . .

I might just point out in passing that even the editors of newspapers in British Columbia who are not of my political persuasion recognize the essential unity between the various non-socialist groups. It is not quite as apparent in other parts of the country as yet.

Mr. Sinclair: And between the two socialist groups, too.

Mr. Knowles: The minister is fishing.

Mr. Barnett: I am sorry, but I could not quite catch the interjection the minister made.

Mr. Sinclair: They recognize the same essential unity between the two socialist groups, the socialists and the communist party, as demonstrated by the recent speech of Mr. Rod Young.

Mr. Barnett: I did not hear the recent speech by Mr. Rod Young to which the minister refers. I might point out to him from my own experience that I have not found any great love was bestowed upon me so far as a certain communist group he mentioned was concerned. Any question of unity, as he well knows, has never been a very prominent aspect of the relationship between those two political organizations in British Columbia.

Mr. Sinclair: Mr. Young told the students of the C.C.F. club at the University of British Columbia that there was no difference between socialism and communism.

Mr. Barnett: I am sure the minister is acquainted with the gentleman to whom he refers, and I suggest he might discuss the matter with him the next time he is in British Columbia and find out what the gentleman really did say or what his views are on that subject.

Mr. Sinclair: He was a former C.C.F. M.P., and should know what he was talking about.

Mr. Barnett: Getting back to editor McCusker's article in the Campbell River paper, he goes on to say this:

> Thus, in a predominantly Liberal House of Commons, we of this riding will be represented by a member of an opposition party and, things being the way they are in politics, we can look forward to a four-year drought in the matter of public works expenditures in this constituency.

Mr. Barnett, we have no doubt, will do a good job of representing us. He will doubtless present our cases (as they come up) with earnestness and eloquence . . . but not persuasion. For he is not on the government side.

Mr. Martin: That is the way the Liberals find it in Saskatchewan.

Mr. Knowles: Check with Austin Cross.

Mr. Barnett: I have taken the liberty of using that quotation to demonstrate that in the minds of many people there is what I have already termed an unhealthy attitude in respect of the Department of Public Works. As long as that attitude persists, as long as a lot of people consider that the public works department is supposed to be the Santa Claus of government, then I would suggest the hopes the minister has expressed for the development of his department are not going to come to fruition.

I recognize that he has a big job, and I recognize also it is not a job he can do alone. In fact I would say that the success of the job he might be able to do depends as much on the members of this house as it does upon the minister himself. I believe it will be necessary for members who are sitting on the same side of the house as the minister to exercise a great deal of restraint in making requests of the minister for special consideration for their particular constituencies. On the other hand, I would say that to succeed in changing the public attitude in regard to this department may mean that members on the opposition side will perhaps have to exercise some patience at times when they might be disposed to consider that there was discrimination against their constituencies.

I suppose my remarks expressing the hope that the minister will bring about a change in the atmosphere surrounding the Department of Public Works will be considered by some people as an example of political naiveté. All I can say is that I hope I shall be able to retain a certain amount of naiveté, and I would be quite happy to discover that the minister also has been able to retain a certain amount.

I do not intend to go into a long discussion of the details of the public works estimates at this time, particularly as they relate to the constituency of Comox-Alberni. I know there are occasions when such matters will be discussed between the minister and myself. However, I have attempted at, I hope, not too great length to set out the attitude and the viewpoints the minister can expect from this corner of the house in relation to the plans he has for his department.

Mr. Diefenbaker: Mr. Chairman, I listened with great interest to the statement by the minister, and felt he did everything he could to answer the questions raised. I have a question to raise; it was brought up last year and still remains in the category of uncompleted business. My question has to do with the construction work done by the Lunam Construction Company, operating for the Department of Public Works and other departments of government.

It will be recalled that when this matter was brought up last year there was a very lengthy discussion on the subject and, in particular, as to what could or should be done in order to protect subcontractors and suppliers of materials and commodities to contractors with government contracts. That problem still remains.

I want to ascertain from the minister what changes have taken place in that policy, for I find subcontractors in all parts of Canada who are very much concerned over the fact that, in accepting subcontracts from contractors with government contracts, in reality they assume a risk that is not assumed when they deal with private contractors. When they deal with private contractors they have the right to file mechanics' liens against properties within the limitations of the mechanics' liens acts of the several provinces. In this way they are able to protect themselves to the extent provided by those acts.

It is otherwise, however—and it has been so held on a number of occasions—with subcontractors who supply commodities or supplies of any kind to contractors having government contracts. In connection with the Lunam Construction Company of Regina the total of accounts of creditors of that company, which held a number of contracts with the Department of Public Works as well as with other departments of government, when it ceased operations amounted to $256,652. Comparatively small companies were involved to the extent of amounts such as $12,500, $10,000, $17,000, $6,000 and $14,700. Then there is one for $27,800 for heating supplies, and another of $37,500 for an electrical company.

I am not going over the story of the Lunam Construction Company. We all know what happened in consequence of certain revelations that were made. But I do think the problem still remains, and it is this. How can subcontractors in this country undertake, with a reasonable degree of safety, to make the necessary supplies available to contractors when those contractors have government contracts? In the case of the Lunam Construction Company I think anyone who is frank will admit that that company was allowed by the department to place itself in a position detrimental to the interests of

subcontractors who supplied the materials that went into the completion of that contract.

Under the regulations set out by the Department of Public Works this provision is made:

During the prosecution of any contract, as a progress estimate then being rendered shall show a gross total accomplished equal to or in excess of 30 per cent of the whole amount of the work contracted for, the contractor shall be required to furnish to the department a statutory declaration signed by himself, or some one of his employees who has personal knowledge of his business arrangements and accounts by which the department shall be assured that all his liabilities in connection with work under the contract up to and including the last previous progress estimate have been paid by him.

And this further provision:

As soon as the work under the contract shall be shown to have reached the point indicated in section 2—

That is the one I have just referred to.

—the contractor shall obtain from each of his subcontractors a receipt for payment of amount due under the terms of the said contract up to a date not more than one month earlier than the date of the then present progress estimate.

A form is provided for this purpose. I find upon examination of the records that this latter precautionary measure was not observed, with the result that subcontractors lost a tremendous amount of money because they dared trust that the government of Canada, in its contractual relationships with subcontractors, would live up to the provisions of its own regulations.

The minister says that changes in personnel have been made in the last year. I hope and trust that changes will be made that will not permit a similar state of affairs to exist again. And this is not a solitary incident; it is happening in other departments of government. It is happening in connection with Central Mortgage and Housing Corporation. In one case in Vancouver creditors find themselves out of pocket to the extent of $225,000, with the hope of recovering only 20 per cent of that amount. And there are cases in other parts of Canada involving lesser amounts where subcontractors—local dealers, merchants, hardware men, lumber dealers, suppliers of pipe, brick, and the like—having trusted that the federal government would carry out its own provisions, have found themselves suffering tremendous losses.

Last year suggestions were made as to some things that might be done in order to remove this danger. It is unfair that the government of Canada should be able to take advantage of the small businessmen of this country by having their supplies used in the buildings that are being erected by contractors for the government, and at the same time failing to protect the suppliers even within the limitations provided by the present regulations. After the discussion in the house last year in regard to the Lunam Construction Company I had correspondence from subcontractors in every part of the country, asking whether or not something could be done.

One of the suggestions is that a performance bond should be required on federal work in the same way it is required in connection with private industry. What changes have been made to provide protection to the subcontractors for payment of materials supplied on federal jobs, protection in lieu of the mechanics' liens that are available to contractors on other than government contracts? This is a matter that deserves serious attention, as the minister has pointed out, because of the expansion that is taking place in his department and the works that are to be carried out during the coming year. I feel that the subcontractors of our country have a right to know what is going to be done to protect them at least to the extent that protection would be available if they were dealing with private contractors on private business.

In connection with the Lunam Construction Company, was any arrangement entered into with any of those subcontractors whereby they have been given to understand that on any future tenders that they may make on other contracts, consideration will be given to them for part of the losses they suffered?

Mr. Winters: Is my hon. friend stating that as a fact?

Mr. Diefenbaker: I am asking whether it is so, because that is the rumour.

Mr. Winters: Can my hon. friend give me any basis for those rumours?

Mr. Diefenbaker: I say the rumour is quite widespread that something similar to what took place in connection with the Milk river project in Alberta is going to be done.

Mr. Winters: I was wondering whether my hon. friend has any substantiation for that.

Mr. Diefenbaker: The minister can say whether there is any foundation for it, whether it is a fact. He is the one with the information.

Mr. Winters: I say it is not a fact. I was asking if the hon. member had any substantiation for it.

Mr. Diefenbaker: That is the question I am asking. What is the position of those subcontractors? Are they to be taken for

a ride to the extent of almost $200,000 because they dared trust that the government of Canada would give them the same consideration they would be entitled to were they dealing with a private principal? After what took place last year, and the revelations in connection with the Lunam Construction Company, I ask the minister what changes have been made in his department and what alterations have been made in the regulations? In connection with the Lunam Construction Company, I should like to know why no prosecution of Mr. Lunam was ever instituted for the false declaration in which he swore that the various suppliers had in fact been paid by him? What has taken place during the last year in that regard?

The minister will recall that his predecessor found a great deal of difficulty in finding Lunam. The search went on for two or three months; then a reporter, Miss Judith Robinson, went to Regina and was able to find him on her arrival. What is the present position in that regard? Have any proceedings been taken on the declarations which the minister's predecessor said were false? If not, is any action contemplated at the present time? I ask those questions because in this case, as in the case of the Vancouver Associated Contractors Limited, good citizens, local merchants, suppliers of all kinds, are being placed in a position where they have a perilous future if they dare to trust any contractor who has a contract with the Department of Public Works or with any other department of government, for the supplying of goods, wares and merchandise. This is a matter which I believe requires the utmost consideration by the officials of the department.

The minister has taken over this department. He has brought with him a deputy minister who enjoys the respect of all who know of the work he has done in the past. I feel that this is a most important matter and requires action, because a repetition of the Lunam Construction Company case, though on a smaller scale, has taken place in two or three instances in connection with government contracts.

I ask the minister to give consideration to a provision in contracts after this date so that subcontractors will be protected against unnecessary losses. When they enter into private contracts they all expect some risk, but they at least know what the risk is and they know there is one way in which they can protect themselves, namely by the provisions of the mechanics' liens acts in the several provinces.

The Chairman: Since it is five o'clock the committee will rise and report progress.

Item stands.

Progress reported.

PRIVATE BILLS

CANADIAN NURSES' ASSOCIATION

Mr. L. T. Stick (Trinity-Conception) moved the second reading of Bill No. 340, respecting Canadian Nurses' Association.

Mr. Green: May we have an explanation?

Mr. Stick: In sponsoring this amendment to the Canadian Nurses' Association Act, which was passed by this house in 1947, I should like to say first that the objects of the association as set forth in the act are:

(a) to dignify the profession of nursing by maintaining and improving the ethical and professional standards of nursing education and service;

(b) to encourage its members to participate in affairs promoting the public welfare;

(c) to promote the best interests of the nurses of Canada and to maintain national unity among them;

(d) to encourage an attitude of mutual understanding with the nurses of other countries; and

(e) such other lawful acts and things as are incidental or conducive to the attainment of the above objects.

The purpose of the amendment is to include the association of registered nurses of Newfoundland in the Canadian Nurses' Association. There is no change in the act at all except in section 6, which reads:

The following associations or their respective successors and assigns shall be association members:

Then follows a list of the different provincial nursing associations throughout Canada. As I say, the main object of the amendment is to incorporate the association of registered nurses of Newfoundland into the Canadian Nurses' Association, and to do that it is necessary to amend section 6 of the act to include that provincial association.

There is another small change in connection with the association of nurses of Prince Edward Island, whose name has recently been changed from the registered nurses' association of Prince Edward Island. Also the association wishes that the provincial associations which make up the Canadian Nurses' Association be in alphabetical order. That is the only change.

I think the bill is non-controversial. I am sure the house does not want me to make a speech on the work of the Canadian Nurses' Association in alleviating suffering and so on. It is a pleasure for me to sponsor this bill, because it is one more evidence of the desirability of the association in Newfoundland being affiliated with the Canadian Nurses' Association and thereby, perhaps in a small

way, giving evidence of a continuation of the cementing of union which took place in 1949.

I have nothing further to say on the matter. I have endeavoured to explain the purpose of the bill, and I leave it to the sympathetic consideration of the house.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

SECOND READINGS—SENATE BILLS

Bill No. 341, for the relief of Michele Grignon Ferguson.—Mr. Hunter.

Bill No. 342, for the relief of Emile Groulx.—Mr. Hunter.

Bill No. 343, for the relief of Doreen Jeannette Yvonne Sarah Mary Dorothy Sibley Cowans.—Mr. Hunter.

Bill No. 344, for the relief of Muriel Spencer Campbell.—Mr. Hunter.

Bill No. 345, for the relief of Yetta Frumkin Binder.—Mr. Hunter.

Bill No. 346, for the relief of Vera Mary Drummond Stafford.—Mr. Hunter.

Bill No. 347, for the relief of Alice Beatrice Cutler Murdoch.—Mr. Hunter.

Bill No. 348, for the relief of Maartje Stelling McLachlan.—Mr. Hunter.

Bill No. 349, for the relief of Wilfred Roy Fricker.—Mr. Hunter.

Bill No. 350, for the relief of Dorothy Adelaide Jorbahn Rosburg.—Mr. Hunter.

Bill No. 351, for the relief of Joseph Bernard Bertrand.—Mr. Hunter.

Bill No. 352, for the relief of Ann McKinnon Archibald Barnes.—Mr. Hunter.

Bill No. 353, for the relief of Joseph Gerard Arthur Valmore Tremblay.—Mr. Hunter.

NIAGARA GAS TRANSMISSION LIMITED

The house resumed, from Tuesday, March 9, consideration of the motion of Mr. Hunter for the second reading of Bill No. 325, to authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, when this bill was last before the house I was making a few observations and pointing out that it was hard for me to understand the unplanned manner in which franchises in connection with the transmission of natural gas were being handled by the government. The bill now before the house would grant permission to pipe natural gas from the Niagara peninsula to Toronto, and in my judgment it would be detrimental to the best interests of the all-Canadian pipe line for which a franchise has already been granted.

There are main lines already in the embryo stage, and if they are to justify their existence they will have to have markets for the gas to be transmitted. In my opinion the branch line covered by this bill to pipe gas into Toronto will interfere with the function of the main line. In view of the development that has taken place, I look upon a bill such as this as merely a method of blackmail. If this franchise is granted it will place the people who hold it in the position where they can sell stock and then offer to sell out. I cannot see the justification for this bill in view of the fact that a franchise has already been granted for the construction of a main line which will need the market in Toronto if it is going to be a paying proposition and not be a development which will have to be heavily subsidized by the Canadian people.

My main objection to the whole development in the use of natural gas is that it is an advance in the use of fuel which should have been more carefully planned. It is all right to get up in the house, as some hon. members do, and say that you cannot stop progress, that with this technological advance other fuels are going to fall by the wayside. That statement is most unrealistic when you consider that there are sections of this country which are going to be hurt by the development of natural gas.

I pointed that out when the proposal was made to pipe Alberta gas to the cities of Montreal and Quebec. I asked the committee which was considering the bill and the witnesses who were appearing at that time if any survey had been made east of Montreal into the repercussions from the use of natural gas in that area. I was told that no survey had been made. I asked the committee and the witnesses if they were aware of the fact that at least two of the provinces east of Montreal depended to a large extent upon the coal industry, one almost completely.

I do not consider that a national project is in the best interests of this country if certain sections are going to be injured or thrown into complete economic chaos without consideration being given as to what compensations are going to be made in that area for the acceptance of what is loosely termed a technological advance.

An hon. Member: What about the rest of the country?

Mr. Gillis: The rest of the country is being taken care of—that is what I am objecting to—without any consideration being given to

the parts of the country that will be affected. I am sure if my hon. friend who has just interjected was living in a part of the country where he had investments in property, in schools, in homes and industry, he would be the first to get up and protest against a development which would wipe out his investments.

An hon. Member: I have the utmost sympathy.

Mr. Gillis: I am sure he is capitalist enough to take that attitude, that he is Conservative enough not to consider the rest of the country if it affected his own individual interests. I would remind the Minister of Trade and Commerce (Mr. Howe) who is piloting this bill through the house—

Mr. Howe (Port Arthur): No.

Mr. Gillis: I thought he was, because he made a speech on it the other night which indicated that he had forgotten his geography.

Mr. Knowles: They are trying to take him on board as pilot.

Mr. Gillis: I would like to remind hon. members that while we are considering the bill, over in the Copeland building in this city the Minister of Mines and Technical Surveys (Mr. Prudham) is meeting with representatives of the mine workers' union from Nova Scotia and the coal operators from Nova Scotia, in addition to representatives of the provincial government. They are discussing the future of the coal industry in the maritime provinces, because they realize that within a few years the Quebec and Montreal areas will be served with natural gas. That will mean displacing the only economic market for maritime coal in existence at the present time. It also means the wiping out of not only the Dosco shareholders' investment in the coal industry but also of the economies of the communities which are based on coal, and to a large extent disrupting the economic future of these provinces. I would also like to remind hon. members that Nova Scotia is the province which brought the rest of Canada into confederation, and it should be shown more consideration than it has received up to the present time.

An hon. Member: Was it not Prince Edward Island?

Mr. Gillis: They held a meeting on Prince Edward Island, but the leadership came from Nova Scotia.

Mr. Knowles: Prince Edward Island was only the cradle.

Mr. Gillis: I cannot see how this kind of development can be termed technological advance. I would ask the members of the committee, when this bill comes before them, to give very careful consideration not only to the benefits which certain sections of Ontario and Quebec may enjoy through the provision of cheaper fuel, but also the hazards which are inherent in that development. I would remind hon. members who represent Montreal and Quebec that the provision of a 3,000-mile pipe line for the supply of natural gas will also mean adapting all your heating equipment to that type of fuel. That alone presents many hazards. Any number of difficulties might arise; the development of available supplies is merely guesswork at the present time, and no one can estimate how long these supplies will last. No one can say immediately with any degree of accuracy that we have sufficient fuel to supply all of Canada and parts of the United States adjacent to Alberta. That angle has to be taken into consideration.

I would also ask the committee to consider the statement made by the Minister of Mines and Technical Surveys as reported in a recent issue of an Ottawa newspaper. In that statement he warned those interested in the future supply of fuel not to be in too great a rush to close down the coal industry of Canada. He pointed out, and rightly so, that if you close down mines in which the people of Canada have a huge investment it will be impossible to open them up again very quickly. My experience has been that if you close a mine for six months, then it is almost impossible to open it again.

The minister also pointed out, quite rightly, that we are living in a disturbed and uncertain world. No one can predict how long we will continue to live in peace and security, and in that uncertain future anything might happen. The minister also pointed out that in the event of this country or this continent facing a war, coal would be needed almost as badly as it was needed during the last war, when the government had people running around this country digging gopher holes in order to obtain the necessary fuel to keep the war effort going.

The minister in that statement took a thoroughly realistic position on this subject. For the information of those hon. members who may be on the committee which will consider this bill, I would point out that the whole development of natural gas, oil, coal and hydroelectricity should in the past have been welded into one national fuel policy administered by a board capable of analysing the subject and determining which fuels are most economical. That has been done to a limited extent, although haphazardly, and I would like to point out to members of that

committee, if they do not already know, that after pondering that question for some years some of us in this house believe that is the only policy which can cope with the situation. There is already an interdepartmental committee composed of experts on fuel considering this entire question of a national policy, so we should not be in too much of a hurry in passing bills of this kind.

We have a national pipe-line act already in existence under which the government has certain obligations, and it is my belief that any more bills of this nature would be unrealistic until such time as that committee has had an opportunity of examining the whole question and advising the government as to what is required.

Another matter which should be given consideration in relation to this fuel question is the development of atomic energy. The rush to spend millions of dollars and uproot communities in the fuel field is rather short-sighted, particularly when one considers what is going on in Britain. They are at present using pilot plants in certain industries to obtain the necessary data as to how well particular types of fuel operate under given conditions. Submarines have been powered with certain types of fuel. In fact one was launched quite recently.

An hon. Member: What would that do to the maritimes?

Mr. Gillis: I am coming to that.

Mr. Deputy Speaker: Order.

Mr. Hunter: I do not like to interrupt the hon. member's speech or prevent him developing the broader aspects of his argument, but we are talking on the general subject of pipe lines, and I suggest that he is going rather far afield when he starts discussing atomic energy and matters of that nature. I would ask, Mr. Speaker, that the hon. member confine himself a little more closely to the bill.

Mr. Gillis: Mr. Speaker, I appreciate the hon. member's point, and I am quite willing to co-operate with him. What is wrong with our whole approach to this problem is that in the past, rather than considering the picture as a whole, we have considered the interests of a few people who wished to promote a pipe line. I am sure the average citizen in Ontario did not ask for this pipe line. It took a few promoters to start the ball rolling.

I do not believe you can discuss the development of natural gas, oil, or hydro-electricity without considering the entire fuel picture, and I suggest that we should be a little bit cautious in this regard because it appears to me that the time is not far distant when the money we are now spending on fuel may prove to have been wasted, and that it would have been better used in a government-sponsored atomic energy project.

My hon. friend asked what it would do to the maritimes. That is exactly the point I was leading up to in this whole discussion. The one place in Canada where a test should be made with atomic energy is in the maritimes, where there is a shortage of power and where, because of that shortage, it is difficult to establish subsidiary industry. The government is now making an examination of the possibilities of thermal power. That is a long-term process. I think, however, that the Minister of Mines and Technical Surveys and others in the cabinet should now consider the possibility of establishing a pilot plant based on some industry in the maritimes in order to determine the possibilities for atomic energy in that field, as is being done in the United States and in Britain.

Mr. Speaker, I merely wanted to say this. My main plea is that when this committee meet to study the terms of this bill, they should look at it in its relationship to the national pipe line that we have already decided upon. Is this duplication? Is it stock promotion? Is it an attempt to grab a field which is lucrative and which might be sold to the main line when it comes through? Do not forget that a government interdepartmental committee today is studying the whole question of fuel with the end in view of a national fuel policy.

Let us not do anything in a hurry. Let us at least wait until some pronouncement is made by that committee as to the economic possibilities of fuels in all fields across this country. I am sorry if I wandered a little bit off the path, but in order to discuss the matter properly I think it was necessary to put the whole thing in its proper perspective.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I just want to say a word or two on this bill. It seems to me that it raises several important points. First of all, the onus is on the sponsors of this bill to show clearly—much more clearly than they have yet shown—that if they are successful, this project will not prejudice the national pipe line which is already under way. I did not read this bill as carefully as I might have, but I have not understood it yet. I personally have no objection at all to the general proposition behind this bill, provided it can be clearly shown that it is not going to prejudice the national pipe line on which we are all depending so much.

There is one point I should like to make. We in British Columbia are hoping for a pipe line of our own before too long. It

just might happen that unless favourable consideration is given to this particular bill our friends in the United States would not be so disposed to give favourable consideration to the application which we shall soon make to have gas piped down to Vancouver and then on into the state of Washington. We cannot have a practical proposition in British Columbia unless we also have that state of Washington market.

There are one or two remarks I should like to make with regard to the statement of the hon. member for Cape Breton South (Mr. Gillis). I do not believe we can consider pipe lines in Canada intelligently unless right from the beginning we face the fact that they will have a most vital effect on the future of the coal industry of this country. I think it is impossible to discuss this or any other pipe-line bill without admitting that fact right from the very beginning. I believe the welfare of the coal industry in Canada is of vital concern not only to the hon. member for Cape Breton South and the people of Nova Scotia but also to us in the west. The hon. member for Macleod (Mr. Hansell) is certainly going to be affected by the growth of pipe lines and their competition with the coal mines in his riding. My hon. friend who sits to my right is also going to be affected with regard to the coal mines in Fernie.

In this house not so long ago we heard about the way the coal industry is now coming back and facing up to the competition it has been getting from the dieselized railways. It seems to me that it would surely be in the national interest if everybody in Canada began seriously to consider just how coal can hold its own in competition with the new fuels such as natural gas and oil.

I for one do not agree with the hon. member for Cape Breton South on this one particular point only. I believe it is absolutely in the interests of Canada to bring the coal industry back and keep it back. But surely there is a responsibility upon the coal interests themselves. The natural gas interests are coming here, but they are not asking the government to do everything. Surely the coal interests themselves could begin to set their own house in order. Surely the coal interests of Canada, perhaps assisted by the national research council, the dominion fuel board or something like that, could undertake the development of such things as the gas turbine. I should like to see the coal industry and/or the national fuel board or the national research council take into consideration such things as central heating plants for whole municipalities. There is a successful one—and it has been operating for many years—in Lockport, New York. From my friends in Winnipeg I know they have one that I believe is partially successful. As far as I could find out, the chief kick is that it is turned off too soon in the spring, and then the people who are dependent upon it have no heat.

It seems to me that if we had intelligent research into how to bring back coal on a large-scale basis, perhaps coal could hold its own in competition with these new fuels. Why do we use these new fuels like oil and natural gas? Certainly it is not entirely because the new fuels are cheaper than coal, because in a good many cases oil and natural gas are much more expensive than coal. In my own home in Vancouver I burn artificial gas and have done so for 12 years. It is much more expensive than coal or sawdust would be, but of course we burn it because of the extra convenience.

My point is that you cannot separate such things as an application for a particular pipe line for Ontario from the pipe-line picture in Canada as a whole; and in my opinion you cannot separate the pipe-line picture in Canada as a whole from the whole question of fuel and coal.

My hon. friend from Cape Breton South is 100 per cent right on that matter. It is in the interests of the whole economy that we should keep the coal industry healthy and vital; but I think the main onus is on the coal industry itself. It is facing modern competition in a modern age, and it must get busy and fight for its own interests. It must not, for instance, wait for the railways to be dieselized and then, ten years later, begin to come back with things like the gas turbine. If the coal industry would get on its toes like these oil and natural gas boys, perhaps the coal industry would not have so much to fear.

Mr. Ambrose Holowach (Edmonton East): The Social Credit members of this parliament, Mr. Speaker, have followed very closely the statements which have been made with respect to this bill concerning the Niagara Gas Transmission Company. Reference has been made also to the desirability of the Trans-Canada Pipe Lines Limited project. We do not think it is necessary for us to be long-winded in making our position clear. We were pleased to hear the views expressed by the Minister of Trade and Commerce (Mr. Howe), as well as those of the Leader of the Opposition (Mr. Drew). They

stated that the building of this line would have a tremendous and positive economic impact on Canadian life.

We believe it is relevant to this debate to restate that the Social Credit government of Alberta, acting as guardians of the people's resources, has consistently stated their willingness to share their great gift, this natural gas, with the other parts of Canada provided the present and future requirements of the people of Alberta be fully protected at all times, both in the economic and supply sense. When an amount of gas has been established over and above the requirements of the province, then and only then would the Social Credit government approve the export of gas if it was evident that this would be in the best interests of the people of Alberta and the people of Canada.

We have been very consistent in our gas and oil policies. We advanced them many years ago, long before the other political parties realized their value and it became expedient for them to also adopt those policies. As a matter of fact we were constantly abused and criticized by the remnants of the old parties operating in Alberta for the stand we took. I should like to remind this house that in the last provincial election the entire Liberal attack was based on opposition to the export of surplus gas. I believe we should have no more of this political nonsense as to the fatherhood of a sensible oil and gas policy. The truth of the matter is that it was originated by the Social Credit government of Alberta, certainly not by those who now appear so eager to be given credit.

On page 2725 of *Hansard* for March 5, 1954, the Acting Prime Minister stated that if parliament passed this private bill the government would cease to have jurisdiction over the situation. In view of this fact, and since it is important not to interfere with the proposed pipe line from Alberta, the building of which depends upon its economic feasibility both from the standpoint of the consumer and the producer in the west, I feel it would be a wise and profitable move for the federal authorities to secure the views of the Alberta government on this matter, as well as those of the principals of Trans-Canada Pipe Lines Limited.

The sponsors of this bill have signified their willingness to switch to natural gas from Alberta when it becomes available. If that is so, then I think more than just a verbal assurance is required. This is a matter which deals with the national interests of the people of Canada, and I believe we should take every precaution to see that nothing is done in this parliament or by any pressure groups which would jeopardize the building of what is presently considered most desirable, namely the trans-Canada pipe line.

Mr. Howard C. Green (Vancouver-Quadra): This is the sixth year, Mr. Speaker, in which the members of this house have listened to a pipe-line debate. As I sat here during this debate it seemed to me there was something missing. Of course that "something" is my old and distinguished friend George A. Cruickshank, the former member for Fraser Valley.

Mr. Byrne: He talked himself out, too.

Mr. Green: He, more than anyone else, made the pipe-line debate a popular thing. I think they drew larger crowds than any other debates, except the budget debate. In addition, right from the start he had the vision of what could be done for this nation by an all-Canadian pipe line. He had the courage to fight for that project, even against the members of his own party, showing the same courage which he showed to such a wonderful degree in the 29th battalion with which he served during the first world war.

With regard to the question of who is to have credit for the all-Canadian gas policy, I was somewhat surprised to hear the Minister of Trade and Commerce (Mr. Howe) stake out a claim to that distinction when he spoke on March 9.

Mr. Low: A lot of people are trying to get on the bandwagon.

Mr. Green: His remarks will be found on page 2817 of *Hansard* for that date. I am not anxious to start a political fight, and I merely bring this up by way of setting the record straight. The right hon. minister said this:

> In the first place, a private member's bill should be considered apart from politics. If it were not I would be tempted to congratulate the Leader of the Opposition (Mr. Drew) for having adopted Liberal policies with reference to oil and gas pipe lines.

Well, of all the nerve; I think that takes the medal.

Mr. Howe (Port Arthur): Your leader agreed with me on oil pipe lines.

Mr. Green: I do not believe he did, and we are speaking of natural gas pipe lines. I have here an extract from the Vancouver *News-Herald* of May 10, 1950, which is headed "Exclusive Interview; Howe gives facts on coast pipe line". Then there is a picture of Erwin Kreutzweiser, a reporter for the *News-Herald,* and underneath that picture there are the words, "He dared". There is a picture, too, of the Minister of Trade and

Commerce, and underneath his picture appear the words, "He talked". Then the article goes on to say:

By earlier reports Tuesday, trade and commerce minister Howe had either 'dodged' or snubbed newsmen seeking to interview him on his visit to Vancouver. The *News-Herald's* political writer, Erwin Kreutzweiser, however, calmly dared to beard the outspoken minister in his suite Tuesday night, found him willing to talk. Here is his exclusive interview.

Mr. Knowles: Now he is working for the government.

Mr. Green: Then we find this statement by the minister, which shows where he stood in 1950:

The determined filibuster which has been staged by Conservative and C.C.F., and a few Liberal M.P.'s on the issue of an "all-Canadian route" is a "phony angle", he said.

"It is so fantastic I could not take it seriously at first," he declared.

Mr. Knowles: Those who came to scoff remained to pray.

Mr. Howe (Port Arthur): He is talking about oil.

Mr. Green: We have had a great conversion. Then on March 13, 1953, the minister came right over to our side. We find him saying this on page 2930 of *Hansard* for that date:

I am convinced, after thorough study of the matter, that the only reliable supply of natural gas for the provinces of Ontario and Quebec must be from western Canada by means of an all-Canadian pipe line.

Mr. Knowles: Some day you will both come to our policy of public ownership.

Mr. Green: That remains to be seen. In any event the minister and I are now in agreement on an all-Canadian natural gas policy.

Mr. Howe (Port Arthur): I am worried about that.

Mr. Green: So am I. Under this plan Alberta gas is to be piped through Saskatchewan and Manitoba to Ontario and Quebec, with great benefit not only to the western provinces but also to all parts of Ontario and to the Montreal area of Quebec, as well as possibly the Quebec city area.

As the minister said the other day, this development will mean the expenditure in Canada of up to a billion dollars, and of course it cannot help bringing work for many thousands of our people. In central Canada the Alberta gas will partially replace United States coal. I suggest to the house that one of the weakest spots in the Canadian economy down through the years has been the fact that the heavily populated provinces of Ontario and Quebec have been largely dependent upon United States coal. I believe this bringing of Canadian natural gas into Ontario and Quebec will strengthen the nation as no other development in recent years has done.

But as the minister pointed out, and as is generally agreed by all members, the Toronto market for natural gas is essential to this development. If that market is taken by United States gas, other than for a year or two, I suggest such action may be fatal to the whole plan for an all-Canadian gas line policy. Hence the great importance of this bill, because it is this Niagara Gas Transmission Limited which is proposing to bring United States gas into the Toronto market.

I realize, of course, that Niagara Gas Transmission Limited is only a subsidiary of Consumers' Gas Company of Toronto, and of Tennessee Gas Transmission Company of the United States. The plan of this company will mean that United States gas will reach the Toronto market. In my view, at the same time there would be some benefit to an all-Canadian line, because such action would help to build up in the Toronto area a market for natural gas from the west. But as the minister has intimated, the house must try to prevent any action which will kill the trans-Canada plan.

I do not agree with him when he suggests that the responsibility rests entirely with the house. I believe there is a far heavier responsibility on the government because, after all, the government is in a position to make absolutely certain that nothing will be done by Niagara Gas Transmission Limited which will interfere with the all-Canadian plan. And, as in respect of other measures, the government cannot escape final responsibility.

It is worth while to take a look at the plan of Consumers' Gas Company of Toronto, as it is set out at page 2720 of *Hansard* by the hon. member for Parkdale, who is sponsoring the bill. He has stated that Consumers' Gas made contracts with suppliers of gas in the United States, and in addition made a contract with Tennessee Gas Transmission Company for the piping of that gas to the middle of the Niagara river. The hon. member will correct me if I am wrong in any of these statements. Apparently the contract is for a 20-year period, not just a year or two.

After obtaining that contract Consumers' Gas or Niagara Gas Transmission Limited, I am not sure which, went to the federal power commission of the United States and obtained permission for the export from that country of a certain quantity of natural gas on a 20-year basis. Again this was not on the basis of only a year or two. I believe this permission was obtained at prices set by the

federal power commission, prices which were higher than those in the adjacent area of New York state.

Mr. Hunter: Not "set"; approved.

Mr. Green: All right; "approved". And now I believe there is an application before the federal power commission in the United States for an increase in that price. My information is that no decision has yet been reached.

The permission is for the Toronto area only. In other words it does not extend to Hamilton, Niagara Falls or St. Catharines; only the Toronto area. That is the only area, of course, in which Consumers' Gas has a franchise. And we must remember that any order made by the federal power commission is subject to further order, depending always upon demands in the United States. Down through the years their decisions have been to this effect, that where anyone residing in the United States can prove a need for gas being exported, such person shall have the right to obtain that gas, and in those circumstances exports to Canada can be cut down accordingly. I believe this has happened in respect of exports to western Ontario. In that area Canadians had the experience of having their gas supply reduced by order of the federal power commission, because some people in the United States were able to prove they needed extra gas.

Apparently, after obtaining this approval from the federal power commission, and because of the insistence that the plan of Consumers' Gas must fit into the all-Canadian plan, Consumers' Gas made a subsequent contract with the Tennessee company. This was referred to by the hon. member for Parkdale when he said, as reported at page 2720 of *Hansard*:

> However, a contract has now been made between Tennessee Gas Transmission Company and Consumers' Gas Company of Toronto whereby over the period of the twenty-year contract between Consumers' Gas and the United States suppliers, Tennessee Gas Transmission Company will purchase all or any of this gas at any time. This latter contract was made so that if—

And I draw attention to that word "if"

—Canadian natural gas is brought to Toronto the Consumers' Gas Company can—

And I draw attention to the word "can", and suggest it can be fairly interpreted as meaning "can, if they wish"—

—purchase Canadian gas and dispose of the United States gas for which they have contracted, without any loss to Consumers' Gas.

On the next page the hon. member says:

—if and when Canadian natural gas becomes available—

[Mr. Green.]

So there is nothing binding upon Consumers' Gas or Niagara Gas Transmission Limited to take Alberta gas.

Mr. Hunter: There will be.

Mr. Green: That may be, but there is not at the present time. The result is that if this bill is passed, Consumers' Gas or Niagara Gas Transmission Limited can probably block an all-Canadian route. They have already tried to do that. I think the minister knows that last year Consumers' Gas published a number of advertisements about natural gas, some of which I have here from which I propose to quote. From the first I read this paragraph:

> The only logical and economical source of natural gas for Toronto is the United States. What always has been true of coal is also true of gas.

Then from another:

> It is the opinion of this company and of outside experts that the attempt to bring Alberta natural gas to Toronto is at present uneconomic and therefore not in the public interest.

And another:

> Tentative suggestions about natural gas from elsewhere, in the opinion of the company and of outside experts, are for such a high price that the gas could not be sold in sufficient quantity to justify the cost of the pipe line.

There is another which is quite touching, in that they base their argument on their desire to help British Columbia and Alberta. It says:

> To help Alberta
>
> Plan of Consumers' Gas to bring natural gas from the United States will help, not hurt Alberta's problem in selling its surplus natural gas and in developing it oil resources.
>
> Careful and expert study indicates that Ontario cannot get Alberta natural gas at prices likely to promote large sale. At the same time if import of Texas gas is prevented by government, it is highly probable that U.S. authorities would be disinclined to permit Alberta gas to enter the northwestern states, the most populous market nearest to Alberta.
>
> All authorities agree that the Vancouver market is not large enough to support a trans-mountain pipe line. So a decree preventing Consumers' Gas from getting United States gas can result in Vancouver not having any natural gas.

That was a pretty far-fetched argument but it does show the attitude of this company just a few months ago. However, on December 4, we had a statement by the Minister of Trade and Commerce, and I am reading from the Ottawa *Journal*, in which he had this to say:

> Mr. Howe said the government was undertaking to bring the two western pipe-line companies together to put through the one 30-inch trans-Canada main to central Canada.

By the way, the Minister of Trade and Commerce has been successful in bringing

about a shotgun marriage between Trans-Canada Pipe Lines and Western Pipe Lines. The dispatch goes on:

"The all-Canada line is going to be built, let's have everybody understand that", said Mr. Howe.

And further:

"If Consumer's gas can fit into the Canadian picture all right; if not, then no good", said Mr. Howe.

I find that a similar statement was made by the minister, as reported in the Vancouver *Province,* on January 5 of this year. The report says:

On the controversial subject of whether Consumers' Gas Company Toronto should be allowed to bring in United States gas before completion of the cross-Canada pipe line, Mr. Howe said the government still holds the view that Consumers' would have to fit into the over-all Canadian plans.

Mr. Howe said the Consumers' import plan has not been ruled out, but he expressed doubt about two points concerning the Toronto company's plans.

These are two points which should be kept in mind by hon. members:

1. He did not think it could bring gas into Canada more economically than western Canadian gas.

2. He was not sure of the economics of using the proposed Consumers' line to send Canadian gas southward once the cross-Canada line was built.

In any event, as a result of that stand taken by the minister Consumers' Gas Company now say they will take Alberta gas when it comes east, and will reverse the flow through their pipe lines to the United States.

Mr. Hunter: I do not think that at any time Consumers' Gas said they would reverse the flow of gas through their pipe lines to the United States. They simply said they would change from importing United States gas and take the Canadian gas.

Mr. Green: Yes; perhaps I did not put it as clearly as I should have. They say now that they will take Alberta gas. They want the United States gas for the first year or two; then when the Canadian gas comes through they will take it, and their pipe line can be used to pipe the Canadian gas down into the United States.

When the minister spoke in the house on this bill he made it very clear that he was unable to give a guarantee that that result would be brought about. For example, at page 2725 of *Hansard* he said:

However, this is a private member's bill asking for the incorporation of a company to build a pipe line.

Incidentally, I point out to the minister that they are not asking for incorporation. The company has already been incorporated under the Ontario company law. I continue:

No import permit is required to do so and if parliament passes this bill the government as such would have no control over the situation. It is true that the bill must go to the board of transport commissioners, which, as hon. members know, is a judicial board. I sincerely hope the board of transport commissioners will be seized with the long-range problem of bringing gas to Ontario and Quebec and will measure the effect of the application made under this bill with regard to the over-all results.

I would emphasize, however, that once this bill is passed the machinery operates as set out in the Pipe Lines Act, and no further federal government authority of any kind is required. If the board of transport commissioners should decide that no regard should be paid to the situation brought about by plans to bring gas from western Canada, the government would be powerless to intervene.

He said the same thing when he spoke on March 9, at page 2817 of *Hansard,* in opening his speech that evening:

Mr. Speaker, before I adjourned the debate when this measure was last before the house I pointed out that the government is unable to give the guarantee sought by the Leader of the Opposition (Mr. Drew) that the interests of Trans-Canada Pipe Lines will be protected. I pointed out that this measure is a private member's bill. The bill will be examined in the appropriate committee. It will then be returned here for third reading, and after the bill becomes law, all the decisions having to do with the project covered by this bill as well as the project covered by the Trans-Canada Pipe Lines bill will be in the hands of the board of transport commissioners, whose decision will be final.

Then he suggested, as reported at page 2818 of *Hansard,* that as a remedy there should be what he called a "coming into force" clause which, if I understood him correctly, meant that this private act should not come into force until an agreement between Consumers' Gas and Niagara Gas Transmission Limited, or both, and Trans-Canada Pipe Lines Limited had been duly executed and deposited with and approved by the board of transport commissioners. Obviously the minister was, and I presume still is, uncertain about the effectiveness of that proposal. I think the objective he had was to see that the trans-Canada line was not interfered with, but he is not yet sure of the best method of realizing that intention. He said:

That is only my suggestion; there may be others.

I propose to make one or two suggestions as to what could be done to bring about the result which is desired by the minister and myself, and I think by nearly everyone in this house.

On motion of Mr. Green the debate was adjourned.

Mr. Deputy Speaker: May I remind hon. members that at eight o'clock we shall resume the business which was interrupted at five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The committee resumed at eight o'clock.

SUPPLY

The house in committee of supply, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF PUBLIC WORKS

360. Departmental administration, $821,732.

Mr. Macdonnell: I should like to make some comments on this item. During the years I have been in this house I have found the public works estimates to be somewhat unique. The predecessor of the present minister, of whom we were all very fond, seemed a creature so far remote from bricks, mortar and such things that one really felt the public works estimates were more in the realm of poetry and romance. So this afternoon when the minister told us he had nothing to say I began to fear that we were again going to be in that delightful world where we were treated with the greatest courtesy but where we found at the end that we had got very little information. I have never quite understood how the minister was able to carry us along so gently and deposit us at the end of the course not much wiser than we were before.

Certain tributes have been paid to the new minister today which interested me a good deal. I would not say for a moment that they were not fully justified, but I think we must be careful that we do not allow the new minister to deal with us in the same way as his predecessor. We have had the minister pictured to us this afternoon in baseball terms as being a man who catches everything, and then there was also a suggestion about delivery. I noticed that while the hon. member for Fort William paid a high tribute to the minister, which I am quite sure was genuine and might have been taken to be disinterested, he did murmur something about a breakwater and other more mundane things which I think he hoped the minister would also be interested in.

There was one thing the hon. member for Fort William said which interested me a good deal. He spoke about the great advantage of not having too much weight, and I mean physical weight. He seemed to think that was an advantage, and indeed I would like very much to agree with him and hope he is right.

When the minister was speaking to us I was interested in some of the phrases he used, and which I took down carefully. I gather that the department he now heads is being "re-established as the government's agency in the field of public works." The word "re-established" of course raises certain thoughts in one's mind. One wonders what the Department of Public Works had been doing these last several years, but at any rate it is nice to think it is being re-established. It is also nice to think that the Department of Transport is considering—only "considering"—transferring some of the construction it carries on to public works. At any rate that is a beginning, and one hopes the minister will be able to continue it and that some day the Department of Public Works will really be the agency of the government in the field of public works, which some of us were naive to believe it always should have been.

I want to make one or two general remarks about the estimates, because after all these are part of the total estimates which we have had put before us. It is with regard to those total estimates that I want to make some observations at the outset. I want to point out a fact which everybody knows, that government expenditures have gone up. The only reason for this that I can imagine is that the government really does not believe the people are much worried about expenditures. Indeed, I have heard it put much more strongly than that, that the ordinary taxpayer likes to have lots of money spent and that you do not win elections by economy. Indeed, I heard a man say the other day that no election had even been won by economy or by an argument for economy. I do not like to believe that, but I quote it as the opinion of a man who has had some experience with elections. He expressed that with great vehemence.

Having said that; having said that I think the government must hold that view when it brings us estimates so much larger than they have been except in the realm of defence, I am going to make reference to two or three expressions which I hope represent public opinion more accurately than this attitude which, rightly or wrongly, I have attributed to the government. I have here the Edmonton *Journal* of February 8, which contains an article entitled "Where's the Economy Axe?" I read briefly from it as follows:

> Hopes for any federal tax reduction in the 1954-55 fiscal year have faded with the publication of the estimates Friday. The government is apparently committed to the highest program of spending in Canada's peacetime history—a total of $4,491,751,000. We are left also with the unpleasant thought that, with supplementary estimates, the eventual total may be much larger, perhaps up to the highest level of the war years.

Then I read further from the same editorial.

Mr. Winters: May I rise on a point of order and ask you, Mr. Chairman, whether

it is in order to discuss the whole field of the estimates on vote 360, which is the administration vote of the Department of Public Works?

Mr. Macdonnell: I was a little afraid the minister might raise some question of that kind. However, I submit that this is the first item, on which we always have liberty to range pretty far.

Mr. Winters: Related to the department.

Mr. Macdonnell: The departmental expenditures are part of all expenditures, and I submit that in surveying the expenditures of the Department of Public Works we are entitled to survey them against the background of the total expenditures. I quite realize that it would not be proper for me to start going into details of the Department of National Defence in remarks on public works, but I do submit that it is perfectly proper to bring to the attention of the minister, who I am sure would like to keep down his estimates to the lowest point and who needs every assistance to that end, what I intend to say. I feel confident that it is relevant to bring to his attention some remarks which have been made about his estimates along with all other estimates.

Mr. Winters: As long as it is this department's estimates.

Mr. Macdonnell: The minister will appreciate that I am putting it in that way; the estimate is included in the total figure, and I am referring to that. I would hope, Mr. Chairman, that you will take another view; otherwise you will miss a good deal of a very interesting speech.

The Chairman: After all, we are discussing item 360, which is the administration or first item of the Department of Public Works. The minister has raised a point of order which perhaps I should deal with at this time. As hon. members know, the usual practice has been to allow a very general discussion on the first item of the department, but at the same time speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I do not want to prevent the hon. member for Greenwood laying a proper basis for his argument or discussion on item 360, but at the same time I hope he will co-operate with the Chair in confining his remarks as closely as possible to the Department of Public Works.

Mr. Macdonnell: I am very glad you used the phrase "laying a proper basis", Mr. Chairman, because that puts better than I could what I have in mind. What I am attempting to do is draw attention to the broad situation we find in relation to the figures of the Department of Public Works, and what I said was by way of laying a foundation. I want to read quite briefly from a statement by this independent newspaper which in no way supports our views. He states:

> Our government's indifference to economy is all the more unfortunate because the general economic outlook in 1954 is more uncertain than it has been for several years.

I shall not read all of it, Mr. Chairman, because I wish to defer to your ruling, but I would like to read briefly from an editorial in the *Financial Post* which has this to say:

> . . . if the defence department estimates are lower, why shouldn't total spending also be lower?

That of course is relevant to the Department of Public Works, because it is one of the departments which has higher expenditures. The quotation continues:

> Isn't the high cost of defence the principal reason for high taxes?

Then the *Post* goes on to give a very interesting illustration. It states:

> It's exactly like the housewife who, having saved seven dollars on the family's groceries, turns around and spends nine dollars on a hat she does not need or cannot afford.

That is a very good illustration of the kind of thing we are talking about. I now want to refer to a well known Liberal paper in western Canada, the *Leader-Post*, from which I shall read very briefly. Under the heading of "Ottawa Spending Spree Continues"—

Mr. Winters: Does that refer to the Department of Public Works?

Mr. Macdonnell: It refers to the Department of Public Works as included among those spending departments, and it refers to total expenditure. I want it to be clearly understood—

The Chairman: Order. Perhaps the hon. member misunderstood me. I requested his co-operation. I can, of course, go further and declare this general discussion out of order.

Mr. Macdonnell: I must defer again to your ruling, Mr. Chairman. I now come to a situation which I believe will be more strictly in order because it deals specifically with an important matter in relation to the Department of Public Works. I wish to refer later on to the substantial additions to the staff of the Department of Public Works, and there are several questions I would like to put to the minister. However, by way of laying a foundation for that, Mr. Chairman,

I would like to quote briefly from the Winnipeg *Free Press* which points out the different situation which we have in the government service when compared with crown corporations. In one case the staff has been increased and in the other there has been a decrease. This is the quotation from the Winnipeg *Free Press* dated March 5, 1954:

> Federal government figures, just published for November, 1953, by the dominion bureau of statistics, illustrate the difference in employee and money management of government departments compared to some crown corporations.

That includes the Department of Public Works. The quotation continues:

> In the current downward business "readjustment" in Canada, government departments indicate little or no intention to cut their staffs and wage and salary costs. On the other hand, crown corporations, such as the Canadian National Railways, compelled by competition with private enterprise of another railway, trucks and aircraft, markedly reduced expenditures between October and November, 1953.

Continuing the same argument with reference to the Department of Public Works, the same editorial continues:

> Employees of government departments increased in numbers by 10,273 between November, 1952 and October, 1953—from 161,846 employees to 172,119. Their wage and salary bills rose in the same period by over $3,000,000—from $36,495,543 to $39,520,152. Between October and November, 1953, when the "readjustment" became noticeable, there was a slight decrease of—

The Chairman: Order. I must ask the hon. gentleman to confine his remarks to a general discussion of the Department of Public Works. Surely he is not suggesting that the Canadian National Railways come under the Department of Public Works?

Mr. Macdonnell: No, Mr. Chairman. I agree with you, and I was simply pointing out the comparison between government departments where the number employed is going up, and crown corporations where the number employed is going down. I submit that since I am leading up to questions regarding the increase in staff, it was quite proper to illustrate the condition which exists in relation to which I wish to ask the minister some questions. In any event I had almost completed the quotation.

> The government crown corporations showed a different record. Their employees had also increased by 10,553 between November, 1952 and October, 1953—

The Chairman: Order. I really cannot allow the hon. member to transgress the rules of the house. I am in the hands of the committee, but I cannot allow him to deal with questions which are not strictly relevant to item 360.

[Mr. Macdonnell.]

Mr. Macdonnell: I am sorry, Mr. Chairman. I thought you were conceding the relevancy of what I was doing, but I certainly shall not attempt to disregard your ruling in any way.

You have rather cramped my style, Mr. Chairman, but I shall now come to the questions I wish to ask the minister. I shall attempt to be strictly relevant from now on. The minister told us this afternoon in a very interesting fashion of certain changes in method which had been followed. I would like to recall, though, that in the department he previously headed the minister had occasion to call in expert assistance. That is one of the things I wish to ask him about. But first of all I wish to draw attention to some of the increases in staff. On page 431 of the estimates under "Department Administration" it is noted that staff increased from 203 to 228, and agricultural branch employees increased from 128 to 158. I need not read the other details. That is the point I wished to underline, Mr. Chairman, and it is unfortunate that you felt I was out of order in my method of doing so because there are some very interesting figures which I did wish to draw to the attention of the minister, and which I believe he would have liked to hear about.

Mr. Low: Let us have them.

Mr. Macdonnell: I am not going to run the risk of incurring your displeasure again, Mr. Chairman, but I would like to put it to the minister in this fashion. As the Acting Prime Minister has said, we are in a rather unusual business situation, and we are not quite certain how things will develop. Some of these newspaper quotations I was not allowed to read indicated that they also thought this was the time for economy on the part of the government.

It will be recalled that the Department of Public Works estimates, if my memory serves me right, are up by some $7 million. It will be seen that one of the chief expenses is salaries, which bulk very large in the department's expenditures. The minister has come in as what might be termed the head of a large new business which he has taken over. He finds that his staff is increasing substantially. I want to ask the minister this. What steps has he taken to scrutinize that position? I suggest to him—and I think he will agree because he, like myself, is a reformed businessman—that in a business, if a general manager comes along with a substantial increase in staff, he will be cross-examined by his directors as to what these are for and as to whether he has done everything possible to keep the number down. I suggest

to the minister that this theoretical general manager I am talking about will have to prepare himself for a strict cross-examination as to why his staff is up in number, as I have already indicated.

I want to ask the minister just what steps he has taken. Has he obtained any outside assistance? Has he had any efficiency experts? Or has he just said to himself, "Oh, this is my first year; we will just let things ride along as they are. Then I will have a look at it and I may be able to satisfy myself as time goes on"? Those are the first questions that came to my mind as I read the estimates. Those are the first things that stuck in my mind for answering.

I say again, do we apply one test in private business and an entirely different test in public business? I repeat that I think any executive head of a corporation—especially if times were not too good—who brought in a substantial increase to his staff would be under the strictest cross-examination. I should like to ask the minister if he would just tell us what steps he took before he presented to us these figures which call for substantial additional salary payments.

Mr. Herridge: Mr. Chairman, I just want to speak for a few minutes in this interesting debate. I might say that I enjoyed listening to the discussion this afternoon, because we all look at public works rather from our own experience within our own ridings. I enjoyed the careful analysis of the Department of Public Works administration given by the hon. member for Vancouver-Quadra.

I was also interested in the information given to the house by the minister. I think it indicates that we are going to have some improvement in the administration of the Department of Public Works. The minister is a competent engineer, and with his qualifications and experience I think he is well suited to head this department assisted by his deputy, who has had a wide experience in military and civilian life. I join with the hon. member for Vancouver-Quadra and other members who have expressed their respect for and appreciation of the qualifications and ability of the minister and deputy minister. I sincerely trust that this combination will cure the administrative constipation from which the department has suffered since about 1945.

I have always had a soft spot in my heart for the Department of Public Works. I have known a good many of the officials in British Columbia over a period of 45 years, and the local officials constantly throughout that period. I want to say this. While the work of the senior officials is what comes to the attention of the House of Commons and the public in general, it is the good work of the hundreds of minor officials in the constituencies that also enables the department to do the work it has done.

I want to refer to two in my own constituency. The first is the clerk of works since shortly after the first world war, Mr. Douglas Male. He happened to be a comrade of mine in A company of the 54th Kootenay battalion. We were wounded on the same day. A lot of good men were knocked out that day. I want to commend the interest he has taken in his work and the effort he has made to satisfy the requirements of the service and yet be courteous to the people, and to meet a lot of unusual circumstances which arise in a constituency and which I am quite sure many of the senior officials know little about.

The other one is Mr. Lomax, whom the hon. member for Skeena knows quite well. He is one of those highly respected Englishmen who never become well off, and throughout the years has acted as inspector of wharves, buildings and various projects. It is the integrity of people like these which has made it possible for the department to do the good work it has done in Kootenay West. He would not allow a contractor to get away with not putting a lock washer on a wharf, or to miss a spike, to put in some poor lumber, or to fail to drive a pile to its required depth.

To do that sort of thing a man has to have some strength of character. He often runs up against people who think that because they have certain political affiliations, certain things can be skipped or overlooked. But here is a man I have known for many years —he retired just recently—and who served the department and the public very well. I mention this matter because the efficiency of the department is to a great extent based on the loyalty and integrity of the junior officials and employees throughout the constituencies. I wish to pay a tribute to the work of these people, who work without recognition.

I recall two or three occasions, because my ranch was adjacent to certain wharves that were being built, where the department took pity on me and realized that I was in a mighty poverty-stricken condition. As a result on a few occasions I was called upon to relieve the supervising inspector when he had to leave a job because of sickness; and on some occasions I met contractors who thought that political affiliations should influence the depth to which a pile was driven, and things of that sort, or just how

work should be done. I want to pay tribute to the district engineers we have had in British Columbia. On all occasions, on which a stand has had to be taken against attempted political influence—and I am not suggesting it was official; there is often some selfish person who thinks he has political influence and who wants something improper done on the strength of his political affiliations—I always found the engineers in British Columbia stood solidly against that sort of thing. I think that is a matter of great credit to them, because it is easy to give in to local pressure and permit a little bit of unfairness and scrimping in order to remain popular with some local people. I mention this question because I have had that experience and I think it should be mentioned to indicate the quality of the department's officials.

I was pleased with what the minister had to say with regard to certain reorganization in the department. I have often suggested—and I am speaking with at least some knowledge of the administration of the department in the constituencies—that the public works department was too centralized in its administration. I think the minister will recall that year after year I have suggested that we should have more regional and district administration for the efficient operation of the department. I have often said that, because of local conditions, the local officials should be allowed more latitude to make decisions and meet local conditions. As I say, I have personal knowledge of this matter. I know of several projects that were unnecessarily delayed because certain decisions had to be referred to Ottawa, to the engineering branch, the architectural branch or the legal branch. I believe there should be a regional or district administration of the department, and that the administration should be more decentralized.

I want to illustrate my contention in this respect, and I shall give three or four instances. I know in the last four or five years of the failure of a contractor who had signed a contract to deliver certain lumber and timbers for the building of a wharf. I am now speaking of the Beaton wharf. The failure of the contractor to deliver the lumber in the quantity the local officials required meant that the matter had to be referred to Ottawa, and a new tender called for the delivery of this lumber. The reason for the failure of the contractor to deliver it was that lumber had gone up $10 per thousand after his tender had been accepted. Here we had the public works crew, the piledrivers and other equipment waiting for weeks and weeks, which meant lost time and extra expense. All this occurred because the district officers did not have the power to act in a situation like that. It meant delay and it meant unnecessary expense in the building of that wharf because the district engineer and his officials were not empowered to meet this unforeseen situation. They should have been empowered to immediately purchase lumber at some other point and carry on with the job, rather than have the piledrivers and a crew of men tied up for several weeks while a decision was awaited from Ottawa.

I recall several occasions when the construction of wharves was delayed for months and months because it was necessary for the administration to call for tenders for float logs under wharves. They are difficult to obtain because they are large diameter cedar logs and scarce. Particularly since the war, the lumber operators have not been particularly keen to tender for these logs. The department seems to try to secure a bid for the total number of float logs for the whole wharf, which is almost impossible. The local officials know the small operators, and if a contract called for 200 logs for a wharf they could get 50 from this man and 50 from that man, provided there was authority within the district office of British Columbia to meet a situation like that. This would overcome the delays that have frequently occurred in the past, and on some occasions would have lessened the cost.

Then there is another thing I want to mention. I understand that the department calls for tenders for the construction of wharves, rip-rap, mattress work and works of that sort. Naturally the lowest tenderer is usually given the contract. It often happens that the local officials know that the lowest tenderer has not the capacity or the financial ability or the experience to properly do the job. I know of one wharf that was built in my riding less than three years ago in which the department ran into that situation. In fact I do not think the situation is cleared up yet.

I know of half a dozen men who have lost anywhere from $300 up to $2,000 through supplying goods to these contractors. I feel that in such cases it might be better to let the tender to someone at a higher figure and make sure the work can be completed satisfactorily. In these cases the advice and knowledge of the district officials should be given some consideration, because sometimes the lowest tender does not always mean the job is completed at the lowest cost.

Before I conclude there is one other matter I should like to mention. On one occasion I had to write to the chief architect about holidays for the janitor of the federal building in the city of Nelson. A comparison arose between the holidays of the janitor in Nelson

those of the janitor of the federal building in Trail. Naturally these people get together and sometimes they think they are not getting identical treatment, from their point of view.

I was amazed that the matter had to be referred to the chief architect in Ottawa. I feel that the chief architect is too valuable a man to be looking after janitors' hours, cleaners' hours, and things of that sort. I presume the situation is going to be corrected. If I correctly understood what the minister said this afternoon, a division of property maintenance is to be established, and I presume that division will be in charge of janitors, cleaners, and details of that sort. I think that is a necessary improvement in administration.

I believe the hon. member for Vancouver-Quadra gave certain figures which indicated that only about 55 per cent of the total money voted for public works in British Columbia last year was spent. That is clear evidence that the department's administration has been pretty well bogged down. There is no question about that from the evidence. I know there have been a number of revotes in Kootenay West. In fact for three years there was a revote for a wharf at Waneta, which is only a small dock and quite easy to construct. Then we have had delays with the construction of the proposed federal buildings in Nelson and Trail. I shall have more to say on this question at the proper point; I am not going to be out of order now. I do say it indicates that the administration of the department has been slowing down. I believe that condition is general since the war. I know the department has been under tremendous pressure, and I am not criticizing the officials. I blame it on centralization.

I was glad to read in the Ottawa *Citizen* of February 6 a statement, apparently by one of the senior officials, that this year the government was going to start all projects provided for in the estimates. When the minister replied to the member for Vancouver-Quadra I believe he said something similar, that only those projects were placed in the estimates that the department felt fairly certain of carrying on with this year. I think that is a sound policy, because otherwise you are just fooling the people by putting through estimates year after year and not proceeding with the work.

In conclusion I do urge consideration of my suggestion which I have mentioned for three or four sessions, that there should be a decentralization of the administration of the Department of Public Works. There should be a greater use of the regional or district offices than there is today, and the local officials should be given the opportunity of meeting unforeseen circumstances of which many senior officials at Ottawa are unaware. I do hope the minister will give consideration to the suggestions I have made, and before the debate concludes I should like to get the minister's opinion regarding them.

Mr. Stick: I hope you will not call me out of order, Mr. Chairman, because I have to lay a basis for some of the remarks I am about to make. I was rather surprised to hear the hon. member for Greenwood refer to the free spending by the government. In my personal experience, so far as the Department of Public Works is concerned, it is like trying to draw their eyeteeth to get anything out of them. I have not seen any evidence of free spending in my riding, and certainly not in my province.

Be that as it may, Mr. Chairman, there are one or two things I should like to draw to the attention of the minister. As you know, four years ago we joined with Canada and certain terms of union were negotiated at that time in good faith on both sides. Some of us feel that it is about time some of these terms were put into effect. Our people are under the impression that the federal government is rather dilatory in carrying out its duties in that regard. Under the terms of union, section 33, paragraph (d), public harbours, wharves, breakwaters, and aids to navigation came under federal jurisdiction.

Section 36 reads as follows:

> Without prejudice to the legislative authority of the parliament of Canada under the British North America Acts, 1867 to 1946, any works, property, or services taken over by Canada pursuant to these terms shall thereupon be subject to the legislative authority of the parliament of Canada.

Then on page 35 of the terms of union, under the heading "public harbours"—I think that is public works—we find the following:

> It is the policy of the Canadian government to construct and maintain public wharves where and when such action is considered necessary in the public interest. The construction and maintenance of public wharves throughout Canada is within the jurisdiction of the Canadian government and the responsibility for deciding whether or not a public wharf or a breakwater is necessary in any given locality rests with the federal authorities, who take local requirements into consideration.
>
> The Canadian government will, at the request of the province of Newfoundland, and having regard to the best interests of the province, investigate the desirability of establishing one or more harbours in the province as "national harbours" under the national harbours board.

Mr. Chairman, to date there is no sign of establishing any national harbour in Newfoundland; neither do I know of any survey

which has taken place there or that is about to take place in connection with this matter.

In this debate reference has been made to revotes, and I know that revotes have taken place so far as Newfoundland is concerned. The hon. member for Greenwood was concerned about the extra staff required. Well, I can say right here and now that the staff we have in Newfoundland is not sufficient to carry out the work, and I think the minister knows it. I want to bring it to his attention again. I do not want to have revotes come before parliament year after year, with nothing done about it. We need in Newfoundland more public servants, and it is the impression of the people in that province that our public services should be brought up at least to the standard of those in the maritime provinces. That is not in the terms of union, but it was understood when the exchange of conversations took place. We are far from that, very far from it.

An hon. Member: A low standard.

Mr. Stick: A very low standard, too low for us. We want to see it improved.

Mr. Winters: Who said it was a low standard?

Mr. Stick: One of my friends to my left. We want to see our services improved, and we want to live within the terms of union. We would like to see a greater effort being made to carry out those terms of union. The Minister of Public Works, or whoever might hold that portfolio, has to listen to many complaints. But I think the complaints I am making, or the remarks I have been addressing to the committee, are quite justified in the light of circumstances which have developed within the last four years.

The minister paid us a short visit last fall and received a royal welcome. May I say to him, or to his staff, that he should make an extended visit to Newfoundland this summer so he could study the whole public works situation down there. I think he will find that some of the remarks I make tonight will be substantiated. If he were to come we would feel that we are not being neglected, and that an effort is being made to bring our public works at least up to the standard of those in the maritime provinces. If this happens, then under the terms of union our people will feel that they are getting somewhere at last. We are not ungrateful for what has been done, but we feel more should be done. We feel, too, that we are justified in asking for it, under the terms of union.

I do hope the minister will take these remarks into consideration. They are offered in good spirit, in the hope that the situation in the city of St. John's and other places, so far as federal government agencies are concerned, will be rectified and that we will get the services we desire and which some of us think we deserve.

Mr. Byrne: Mr. Chairman—

Mr. Harkness: Mr. Chairman, this afternoon the minister, in commenting on the speech of the hon. member for Red Deer—

The Chairman: Do I understand that the hon. member for Kootenay East is rising on a point of order?

Mr. Byrne: Yes. It appears to me that with the Liberal party, the government party, having a majority in the house, if the practice is followed of allowing three speakers from that side of the house before one is allowed from this side, the situation becomes very difficult.

The Chairman: The hon. member for Calgary North.

Mr. Harkness: I had better start over again so my remarks will be intelligible. This afternoon, commenting on the speech of the hon. member for Red Deer, the minister assured him that there had been no discrimination in the matter of erecting public buildings throughout the country generally, and particularly in Alberta. Unfortunately the figures showing the number of buildings erected out there hardly bear out the minister's contention.

I took the trouble to jot down the amount of money appropriated in the estimates for the past nine years so far as the cities of Calgary and Edmonton are concerned. I find that from 1947 to the present date the amount allocated for public buildings in the city of Calgary is $699,500 while the amount for the city of Edmonton is $6,485,000, a proportion of about ten to one.

Mr. Prudham: A bigger city.

Mr. Harkness: However, that does not by any means tell the whole story, because you have to subtract from the amount of the estimates the amount of the revotes, and those have been very considerable. We have heard a good deal about them. So far as Calgary is concerned revotes amounted to $316,500, while for Edmonton they amounted to $2,218,000. If you subtract those figures from the amount of the original estimates you find that for Calgary the amount provided was $383,000 while for Edmonton it was $4,267,000.

An hon. Member: Your story.

Mr. Harkness: Somebody says that is just my story. Well, if you don't believe it, all

you have to do is take the book of estimates, which I did this afternoon, and jot down the figures, then add them up.

But that is not the whole story, because the total of $383,000 includes the $150,000 in this year's estimates. None of that has been spent up to this time. Then there is a further $100,000 which appeared just before the election in 1949, but which was dropped immediately afterward. So that the total amount spent in Calgary comes to $133,000. That is the total amount for public buildings in that city in the last nine years. I do not know the total amount spent in Edmonton, but from the fact that these sums were being revoted, showing that work was being done, I would judge that most of the amount voted for Edmonton has been actually spent.

These two cities are comparable in size, Edmonton having about 40,000 more population than Calgary. On the other hand Calgary pays considerably more in taxes than Edmonton, and its bank clearances are much higher. In other words a great deal more business is done in Calgary, and probably for that reason there is more need for government offices, particularly income tax offices and the like, which we would be very pleased to get rid of.

Nevertheless, as I have pointed out $133,000 is all that has been spent on public buildings in Calgary in the last nine years, while during the same period of time about $4 million was spent in Edmonton. This, of course, is subject to whatever deductions there may be for some of the items which were not spent. It is clear, however, that no comparison can be made between the amounts spent in these two cities.

Like the hon. member for Red Deer, I have been loath to think that the political complexion of any constituency would cause any difference in the amount of public building that might be carried on. However, the figures I have just placed before the committee indicate that there is something very smelly behind some woodshed, so far as federal buildings in Alberta are concerned. There has not been a fair distribution. The suspicions that I, in company with other people in Calgary, have had in connection with the erection of public buildings, and the possibility of political influence, were not at all allayed by the fact that the Minister of Mines and Technical Surveys came down to Calgary before the election and intimated to the people of that city that it would be very much in their own interests to elect Liberal members from Calgary, if they expected to get in on the pork barrel.

Mr. Prudham: Mr. Chairman, on a question of privilege, I at no time made such a statement in Calgary or anywhere else.

Mr. Harkness: Of course—

Mr. Dickey: Were you at the meeting?

Mr. Harkness: —I am not quoting the exact words of the minister, but that was the gist of what he had to say. Naturally he did not go out and say to the people of Calgary, "If you want to get in on the pork barrel, vote Liberal"; but his remarks meant that, and as a matter of fact—

Mr. Prudham: Were you there?

Mr. Harkness: —they resulted in two or three editorials being written, as I recall, in both Calgary papers, although one of them is Liberal, upbraiding the minister for trying to bribe the people of Calgary in this manner with their own money. I may say that this statement of the minister in Calgary in regard to this matter probably contributed materially to my returning here at this time.

Mr. Dickey: Why complain about it, then?

Mr. Harkness: I complain about it because the thing is morally wrong.

Some hon. Members: Oh, oh.

Mr. Brooks: You would not understand that.

Mr. Harkness: The very mention of morality causes the Minister of Fisheries to break into loud roars of laughter.

Mr. Dickey: He looks at the source.

Mr. Harkness: His attitude in regard to politics apparently does not take morality into consideration from the word "go". However, a certain number of people in this country both in and out of politics think it is important.

Now, in addition to the fact that this sort of thing is wrong from that point of view, it is also completely unfair. It is unfair as far as the unemployment picture is concerned; it is unfair to the departments of the government which have not adequate or proper space to work in. In 1948 there was an estimate of $100,000 in the public works estimates to make a start on putting up a Department of Veterans Affairs building in Calgary. After the election of 1949, that estimate, having been there for two years, was dropped, or it disappeared, and nothing was ever done about putting up the building. The building has not yet been put up, and the Department of Veterans Affairs offices in Calgary are in three separate buildings. They are scattered about the city, which makes it extremely difficult for them

to carry on business, and extremely awkward for people who have business to do with them, trotting from one building to another to see Department of Veterans Affairs officials. Nothing was done in regard to the matter after that election.

There is another vote of $150,000 which came up last year, and I see there is a revote of $150,000 this year. I am hoping the same thing will not happen to that $150,000 that happened to the $100,000 which was put in before the 1949 election; in other words, that after this year it will not be quietly dropped and we shall hear no more about it.

Mr. Rowe: Until before another election.

Mr. Harkness: Of course the minister is not responsible for what has gone on over the past nine years, but the government to which he belongs are responsible. They are the people who have been guilty of the discrimination which has taken place out there in regard to the erection of the building; they are the people who are guilty of not putting up this Department of Veterans Affairs building, and as a result inflicting inconvenience on the residents of Calgary and the people of all southern Alberta for many years.

The same thing applies to other government offices. A large number of them in the city of Calgary are scattered about in very inappropriate places, and nothing is ever done about erecting another building. The only building erected there in recent years was between the two elections, and that was a $20,000 weights and measures building, a little bit of a thing. That is all right in its own way, but that is all that has been erected there while those millions were being put into the constituency of the Minister of Mines and Technical Surveys.

Mr. Prudham: Will the hon. gentleman permit a question?

Mr. Harkness: Yes.

Mr. Prudham: Can the hon. gentleman tell me where that money has been spent in the city of Edmonton?

Mr. Knowles: That is what we would like to know.

Mr. Harkness: If the minister does not know where the money has been spent I do not know why he should ask me, because I do not live in Edmonton. All I know is that it was voted and apparently it has been spent there, from what one can make out, on these various projects. One would need to go over the estimates, because there was a revote of a certain proportion of the original vote in the next year, which indicated that part of the work was done and a certain amount more was needed to complete it.

Mr. Prudham: All we have is a hole for our public building.

Mr. Harkness: Well, then, it is one of the most expensive holes in history, I would say.

Mr. Dickey: Next joke, please.

Mr. Harkness: It has had the sum of $4 million poured into it.

Mr. Rowe: They will leave the hole for another election.

Mr. Harkness: They must be trying to dig a hole to sink the city of Edmonton in. In any event, I join with several other hon. members who have spoken in the hope that things will be better in the Department of Public Works from now on. I trust the present minister will go ahead with this particular vote I have mentioned, and also that in deciding where future buildings are to be erected in the province of Alberta he will decide on the basis of the needs of the people there rather than, as apparently has been the case in the past, on the political complexion of the constituencies in the province.

Mr. Carter: Mr. Chairman, I have three reasons for taking the floor at this time. My first reason is to express on behalf of the people I represent, as well as on my own behalf, our thanks to the minister and his staff for the public works that have been carried out in our province and in my own riding in particular in the past four years.

In this connection I should like to express my own personal appreciation of the sympathetic appreciation and co-operation which I have always received from his officials here in Ottawa, and particularly from his district architect, district engineer and their staffs at St. John's. These people in Newfoundland, as my colleague the hon. member for Trinity-Conception pointed out, are working under very great difficulties, under conditions that do not obtain elsewhere on the mainland, and very often they are working with insufficient staff. I am sure the minister is aware of these difficulties and that everything possible will be done to alleviate them.

My second reason arises out of some remarks made by the hon. member for Vancouver-Quadra earlier this afternoon. My hon. friend drew attention to the small proportion of the vote for Newfoundland that had been spent by the architectural branch, and he suggested that it looked as though some padding had been done in that vote for

electioneering purposes. I can assure my hon. friend that such is not the case. If my hon. friend will look at page 439 of the estimates he will see that out of the 11 items listed under the architect's branch in Newfoundland, seven are revotes. Two of these are in my own riding, and I can assure my hon. friend that one of these revotes is necessary because some unexpected difficulties were encountered in the selection of a suitable site. The other revote was necessary because the plans for the building had not been completed in time to get the work started before winter conditions set in.

We cannot do very much with respect to choosing sites, but the bottleneck with respect to the drawing of plans is the result of the policy of the department of having all those plans drawn here in the head office at Ottawa. This bottleneck could be overcome if the district engineers were permitted to initiate plans and submit them for approval, and then go on and complete them in their own local offices. If this were done I know it would greatly expedite the completion of many of the public works which otherwise have to be carried over. I strongly recommend that for the minister's consideration.

I next would like to draw the attention of the minister to the need for more dredging equipment in Newfoundland. We have only one small dredge which is unsuitable for many of the dredging operations, and which cannot possibly cope with all those for which it is suitable. We really need a second larger and more powerful dredge, as well as some drag-line equipment for small harbours which the dredge cannot enter. I hope the minister will give consideration to these needs as soon as he can find it convenient to do so.

Mr. Hansell: Mr. Chairman, I rise to follow the general argument which was presented this afternoon by my colleague the hon. member for Red Deer, because the particular projects which he brought to the attention of the minister as not being in this year's estimates are located partially in my constituency. We are greatly incensed over the fact that these particular projects were in last year's estimates and now, a year later, have disappeared. The minister gave as a reason for this that he did not feel it was right to place items in the estimates which they were not prepared to proceed with, and then went on to inform us in his amiable way that because they did not appear in the present estimates did not mean that they had been abandoned.

That sounds nice; that sounds lovely, to be told they have not been abandoned, but when they do not appear you can hardly tell people they have not been abandoned. That phrase can mean anything. We might ask if they are going to be gone ahead with and be told that they have not been abandoned, they may be in there next year or they may be in there five years from now. We are told that they have not been abandoned, and they may be in there 50 years from now or 100 years from now. To be told they have not been abandoned just does not mean anything. What it does mean is that it has been abandoned for this year, and that is what we do not like.

I can understand the desire of the minister to cut out a lot of deadwood from the estimates and not have items there just for the sake of putting them in. However, I would like to ask if there are any projects in the estimates this year which were not approved last year. Are there any public works to be erected in Alberta this year, which are in the estimates this year, which are new items and which were not previously approved? If so, then I think there is something wrong somewhere. I contend that the department is duty-bound to go ahead with projects which this parliament has approved before they enter upon any new projects. If they are going to do that we are just not going to know where we stand at all in respect to these things.

The hon. member for Red Deer pointed out that in last year's estimates there was a group of projects with which the minister was going forward to the extent of acquiring sites if money was available after the other work had been done.

I bring to the minister's attention one particular project in that group, the public building for the town of Claresholm. I met with representatives of the service clubs, the board of trade, the mayor and other responsible citizens, who called me by telephone and asked me to come and look over the situation. They said, "Mr. Hansell, as far as the site is concerned, we have one already". They showed me an admirable site, a corner lot on one of the main streets just a stone's throw from the busiest section of the town. There could not be a better site. They said, "We are prepared to give this to the federal government so they can get started". They offered it to the government, and the last I heard from the minister the papers were being drawn up by the legal branch and the government was taking over the site.

That was real progress, but what is the position now? The position is that the town has handed over a beautiful site to the dominion government, and there is nothing in the estimates to show that they are going

forward with the building. They are put back a year, and this government has the property. That is the situation now.

I think the minister should answer that question. While he is thinking about the answer to that I am going to ask him another one. I would like to know if he can give to this house, particularly for the benefit of some of the newer members, particulars of the procedure followed by the government in arriving at projects which they seem to think should have priority. I understand that in the case of public buildings which, generally speaking, involve the housing of post offices, the R.C.M.P. and other governmental agencies, the Post Office Department will submit a number of requests which are then blocked off into groups according to their importance, group A, group B, group C and so on. If that is not right, the minister can tell me.

If there is a priority list of that kind I should like to know if that list remains unchanged or do they say something like this. "Here is one item in group A. We will have to put that back in group B and take something from group C and put it up at the top." Does that ever happen? I cannot see that the situation would change so quickly as to cause that to happen, because these various communities are not changing as rapidly as that.

It seems to me that if there is a priority list, that list should not change very much. It might vary slightly, but not too much. Therefore if there is something in the estimates one year it is reasonable to suppose that if they do not go forward with it that year it will reappear the next year, because it would be that much further on toward the top of the list. I should like the minister to answer those questions for me.

I am not going to say too much about the political significance of these things. I think the government has acted pretty fairly with me and with my constituents except in the case of the group of projects we are now bringing to the minister's attention. They constitute a sore spot. What happened is simply this. They appeared in the estimates, they were approved by parliament, the community said they had a site which they would give to the government. Then there was an election. I am not going to say what happened, but they returned a Social Credit member and the following year the project was missing from the estimates.

That does not look good. We cannot very well go back to our constituents and say, "We hope you get it the year before the next election." That presents a rather embarrassing situation for some of us, and I do not think it can do anyone any good. In addition it is embarrassing for the government, though I cannot say the government has been unfair as regards my own constituency. Even this year Edmonton received $2 million, which is quite a chunk out of the total of $3,600,000 which goes to Alberta as a whole. The remainder of that money has to be divided up among the other constituencies, and it is obvious my constituency gets a fair share, so I have no complaints to make.

I do not know anything about what the hon. member for Edmonton West did in the last election. I did not follow him around or listen to all he said. I had something else to do. My leader points out that I could not stand it in any case. Nevertheless, in a general election campaign we know something of what is said, because people are going around the different political meetings. I do know for a fact that my opponent said, 'The reason you have not got a public building in this community"—this does not apply to Claresholm but it does apply to two or three other places—"is because you have not been voting Liberal." That was said, but it did not go down with the people. They do not swallow that sort of thing, because it will be noted that I am here and the poor old gentleman who said that lost his deposit. But that sort of thing is pretty low campaigning. I do not believe the minister would agree with that sort of thing, and I would like to think that the Liberal party would not stoop to that low form of campaigning.

I believe the minister should close those mouths tonight and say, "No, sir, we do not agree with that", so that the next time that sort of thing is said we will have the minister's word to the effect that these public works projects are not going to be administered on the basis of whether the government gets support from here, there or somewhere else. If he will make a declaration to that effect it will settle the problem.

Once again I wish to emphasize that I personally have no complaints to make, but I do believe some of these two-by-four politicians going around should raise their sights a little bit and carry on their campaigns not on the basis of pork barrel politics or handouts, but on the basis of great principles. Of course if they have no principles they cannot talk about them, and perhaps that is the reason. Perhaps they do not know of any, but surely we can raise our sights in political campaigns and tell what we stand for and what we propose to do.

I do not wish to say any more, Mr. Chairman, except to ask the minister this question, and I hope we will get a straightforward answer and not the reply that some of these

projects are merely being held over. My question is this. Will he tell us whether there are any new projects which are taking priority over projects which have already been approved by parliament?

The Chairman: The hon. member for Kootenay East.

Mr. Winters: I wonder if the hon. member for Kootenay East would permit me to answer the specific question asked by the hon. member for Macleod. I can give a specific answer. There are no new projects in the estimates for this year concerning the province of Alberta which have taken priority over projects which were approved in the estimates for last year.

As to the charge, implied or direct, that these projects are determined on the basis of politics, I wonder if the hon. member has, for example, consulted the hon. member for Bow River, or the hon. member for Lethbridge, and asked them if they are in agreement as to whether we have ever determined these projects on the basis of the local candidate's ability to get votes. I believe it will be concluded that we have been fair in our approach to this problem. The hon. member for Red Deer, speaking last night, reminded the house that one of the projects which was dropped was in the constituency of my good friend the hon. member for Athabaska.

As a matter of fact I might tell the committee that my colleague the Minister of Agriculture has just reminded me that one project in his constituency has been dropped.

An hon. Member: Is that the post office at Lemberg?

Mr. Winters: I have forgotten the name. We have been trying to work in conformity with the general policy enunciated. Many hon. members this afternoon and this evening have said that this is a good policy. I believe every hon. member in this house believes it is a good policy, and it will doubtless be regarded as a good policy as long as it does not adversely affect any particular hon. member. But when it does affect a particular hon. member adversely he feels it is not a good policy but rather is based on political partisanship. That is not the way these projects are administered, and all hon. members will realize that once we have an opportunity of dealing with some of these revotes, and actually starting the construction of these buildings and clarifying the estimates, then we can deal with new votes for new projects.

The hon. member for Greenwood spoke about the organization of the department, and asked what I had done about looking into this situation, and whether I was satisfied with the increase in personnel. He had several other questions relating to administration. I am sure he knows that most of the increases shown in the estimates were authorized before I came to the Department of Public Works. Indeed, very few have been authorized since that date. The only substantial recent increases are caused by the transfer of personnel from the Department of Resources and Development in the trans-Canada highway division, and personnel related to some of the other functions which were transferred.

The senior officials of the department and I have been going over various sections of the department very carefully. I have endeavoured to get around the department and speak to all individuals myself. I know the deputy minister has done more than I in that particular field. We recently assembled in Ottawa the chief district personnel of the department—engineers and architects—to discuss with them the whole range of problems with respect to the operation of the department within the scope of their jurisdiction to see how we can make the department more effective, and to what extent we can delegate operations from the headquarters here at Ottawa so as to clear bottlenecks.

As regards the question of whether we have brought in outside management consultants to survey the activities of the department, my answer to that is no. We are endeavouring to get this department into the condition we want it, and that will take us some time. At the moment I have no plans for seeking that sort of outside help.

The hon. member for Kootenay West made his usual good suggestions about decentralization, and I must say I have some of these very points in mind. I believe there should be some decentralization of the operations of the Department of Public Works, and we have already taken some steps in that direction. The hon. member for Burin-Burgeo also dealt with the same point. I thank him for his suggestions. I think that covers the points I have before me at the moment. If there are any others I shall deal with them later.

Mr. Green: Before the minister takes his seat, may I ask him to deal with the point raised by the hon. member for Prince Albert? I refer to the Lunam Construction Company matter.

Mr. Winters: As to the Lunam Construction Company, I may say that we have been engaged in trying to satisfy the claims of the

subcontractors in so far as there is money available for that purpose, and depending upon whether or not they themselves can get together and determine the quantum and validity of their own claims in relation to each other. That is being done at the present moment, and I hope that before too long we will be able to pay to the valid subcontractors the moneys remaining in the hands of the crown for that purpose.

Mr. Byrne: I must apologize to the Chair for my impetuousness, but I wanted to follow my colleague the hon. member for Kootenay West. I wanted to do so, first, because I want to say how highly pleased I am to see him so fit after his serious illness. As he will realize, he is my neighbour. My second reason was that I wished to associate myself with his high praise of the departmental officials and the ministry in general for the efficient manner in which they have handled public works affairs.

There is another matter, however, that I feel is important at this time, having regard to the objections of the other provinces, particularly Alberta, to the absence of large appropriations for their various projects. There is one thing I should like to point out in regard to the matter of unemployment at the present time. It is my opinion—perhaps it is not shared by everyone—that public works at this time in the form of necessary projects would do a great deal to alleviate the bad situation that exists in British Columbia. I have formed the opinion recently that, in relation to all of Canada, the figure in British Columbia in the matter of unemployment is 65 per cent higher than that of the over-all picture.

With that fact in mind, while there is a substantial appropriation for public works in the matter of acquisition and construction of public buildings and so forth, for the trans-Canada highway and other projects, nevertheless I would hope that before the supplementary estimates come down the cabinet would give this matter serious consideration, and that certainly the estimates of the Minister of Public Works would be given careful consideration. I am sure Alberta is not suffering as greatly as is British Columbia in the unemployment situation. Alberta is predominantly a farming and oil province, and there is no recession in that regard.

This afternoon something extremely interesting was raised with regard to the question of whether or not there is favouritism in the matter of public works. I do not think there is, even if the province of Alberta does fall $1 million below British Columbia—I believe the figure is about $800,000—in this one item that I am looking at, namely the acquisition and construction of public buildings. In that one item they lack only about $800,000 in order to equal the appropriation for British Columbia. On the other hand the hon. member for Macleod, in an earlier address, pointed out that British Columbia pays to the federal treasury $239 million in round figures, or $45 million more than the total collected from the provinces of Manitoba, Saskatchewan and Alberta. With that fact in mind it is not a large figure by which we exceed their appropriation.

The hon. member indicated that there was some favouritism, or that he felt there was going to be favouritism, because of the fact that when he went home for the election they were singing some sort of song there. I have not the exact words but I believe they went something like this—

Mr. Johnston (Bow River): Do you want some music?

Mr. Byrne: —"With Shaw, no public buildings; without Shaw, a federal building". I do not know what the tune was. Perhaps "Home on the Range" would work in nicely. Perhaps it would have had more effect had they been using that tune. On the other hand, I had a highly interesting experience in British Columbia. For some unknown reason my supporters felt that I was not too much needed in my riding, and they sent me into the interior to support a Liberal in another riding. It happened to be a riding held by a member of the C.C.F. party. This, by the way, is in relation to whether or not there is favouritism, or whether the members on either side of the house should feel there is favouritism.

I had made what I thought was a good speech. I do not know whether the audience thought so or not. However, I had given a good account of what the Liberal party had done in the past number of years. I did not say in any way that they had constructed buildings here or there; I gave the over-all picture and did not become parochial in any way. After I sat down one of the gentlemen in the back of the hall stood up and said, "Mr. Chairman, I would like to ask the speaker a question". I said, "Yes?" He said, "The C.C.F. candidate has been going about this riding saying, 'Don't be foolish; don't send a Liberal down there; send one from the opposition'. He had in mind the C.C.F. He said they are the only ones who can really get anything out of the government".

That is the other side of the picture. Whether it is politics or not, certainly I felt that he hit well below the belt. My answer was that that certainly was not so, and that

when a really progressive member of parliament put his case before the government he received the same treatment regardless of whether he belonged to one party or the other. I think it is pretty generally the feeling on the other side of the house that this government is treating all projects with reference to public works, transport or anything else, absolutely on a non-political basis and only on their worth.

Mr. Prudham: Some of the hon. members from Alberta have insinuated that there is not fair treatment in the allocation of public works. The Minister of Public Works has effectively answered that charge. They also made some insinuations. The hon. member for Calgary North and the hon. member for Macleod suggested that during the recent campaign questionable methods were used to get political support.

In that inference I completely agree with the hon. member for Macleod. I would say that there were some extravagant statements made in Peace River by the hon. member who presently represents that constituency. I did not take hearsay for it but procured from the radio station a copy of the script of one of his speeches. I am sorry I do not have it with me tonight, but part of his speech was to this effect. "You do not have to send a Liberal to Ottawa to get public works. Look at your constituency. I got you a new public building. I got you $600,000 for the airport. Look at the two Liberal constituencies, one on either side. They got nothing. If you want public works, send me to Ottawa."

Now, if that is what the hon. member for Macleod means when he says two-by-four politicians go around using questionable means to win political support, I completely agree with him.

Mr. Nicholson: After listening to the interesting remarks just made by the minister I probably will not have very much to say. I should like to express my appreciation of the vote in the estimates which will enable Mackenzie to have our first federal public building in the near future. I am sure there are very few members in this house who have not within their constituencies at least one public federal building. My remarks last night might have conveyed the impression that Mackenzie is a God-forsaken part of the world, but it is not. It so happens the constituency is spread over a large area, and about 50,000 people live there. We produce large quantities of grain, timber, minerals and fur.

Mackenzie did have a public building at one time, back in 1874. The first government buildings in the Northwest Territories were built at Fort Livingstone in my constituency. Then, as now, there were people who were critical of the government's extravagance. "The buildings were erected at a huge cost, but were of flimsy and unsubstantial character, built of lumber and hewn logs." Hon. members might be interested in the huge costs—$5,600. There was to have been a divisional point at Fort Livingstone on the C.P.R. running from Winnipeg to Edmonton over the northern route, which would have been a much better route for the first transcontinental railway, in my opinion.

For some reason or other the Canadian Pacific's plans were changed and the railway went miles to the south, through a much more desolate part of the country. Consequently the government buildings were moved from Fort Livingstone. At that time Mackenzie did boast a public building, but now there is not a single federal public building in the constituency.

I must thank the minister for looking after Kelvington. I hope it was an oversight that resulted in Carrot River, which I understand had been included a year ago, being overlooked this year. I hope that when the supplementary estimates are brought down the minister will take care of that oversight. I might say that I have had several letters from the town clerk, and also I have had some photographs sent along which I shall send to the minister. I would appreciate it if he would keep them until the new public building is erected. Then we shall be able to compare the pictures of the old with the new. I have letters from the secretary of the Carrot River board of trade, and from the minister's colleague, the Postmaster General. The latter wrote me on February 5 as follows:

> We have reason to believe that the Department of Public Works may be considering the erection of a public building in which the post office and other government departments would be located.
>
> The present accommodation is not satisfactory, and is being leased by the Department of Public Works only on a monthly basis.
>
> As a result of previous representations and the evident need for improvement, this department is urging the Department of Public Works to provide improved postal accommodation in accordance with our policy for offices in this class.

I might say that Carrot River is the end of steel. If the Minister of Agriculture were here I am sure he would agree with me that it is a very important centre in one of the last frontiers of prairie settlement.

I have been interested to note that there has been a change in government policy since I was here from 1940 to 1949. At that time there were a great many requests from communities for public buildings, and naturally I referred those requests to the proper departments. The replies were that because

of the war and the necessity for channelling all our efforts into the war effort, we could not build public buildings. Later the policy seemed to be that if the total revenue of the post office was less than $10,000, neither the Post Office Department nor the Department of Public Works would recommend a public building.

This afternoon, while waiting to make these remarks, I have gone through the annual reports of the Minister of Public Works for the years 1951 and 1952. I have noticed that for Yorkton there has been a very large appropriation of $800,000 for an addition to the very fine post office. Centres like Regina and Saskatoon have been getting generous consideration. I think there should be something said for these rural communities that have not any finer type of architecture than the country elevator. I feel that under the new concept of the minister, some of these small communities should have an example of what can be done by a little imagination.

I notice some progress has been made. I was checking over the constituency of Melville, where the minister indicated they are passing up one building. All these places I am about to mention are much smaller than Carrot River. The revenue from the Carrot River post office is $8,508. These places I am going to mention have had public buildings, according to the minister's reports. Lemberg, with a post office revenue of $4,810, has had a new building. Ituna, with a revenue of $5,354, had a new building costing something over $30,000. Fort Qu'Appelle with a revenue of $8,000 had several buildings, the contracts for which were awarded to the Lunam Construction Company. There was a contract for the construction of a public building, $129,000; an Indian hospital for $318,000; a sewage disposal plant for $19,000. Then Balcarres, with a post office revenue of $7,005, apparently had a new building. Langenburg, with a revenue of $8,277, had a new public building constructed by the Lunam Construction Company at a cost of $84,000. Saltcoats, with a revenue of $5,676, must have a very modest building because the cost is shown at $75.74.

I would suggest that since the constituency of Melville has been able to get public buildings for centres like Lemberg, Ituna, Fort Qu'Appelle, Balcarres and Langenburg, it is not unreasonable to expect a building in Carrot River. It is not unreasonable to expect that the commitment made a year ago for a new office building should be proceeded with, and that when the supplementary estimates come down before Easter this oversight will have been corrected.

[Mr. Nicholson.]

These public buildings serve two purposes. They handle Her Majesty's mail, and they house the representatives of the R.C.M.P. I submit that if Her Majesty should visit the post offices in Mackenzie constituency she would decide that they must have been built in keeping with the times of her great-great-grandmother, Queen Victoria, because there have not been appropriations that would make it possible for the people in these rural communities to have the public buildings which are taken for granted in the larger cities. I know the Post Office Department has taken the position that the large cities provide the revenue, but in the final analysis the taxpayers of all Canada provide the money for these wonderful public buildings that are being erected in nearly all Canadian cities.

I hope the minister and his staff will give a new look to this department. I want to endorse what has been said by hon. members in all parts of the house, that we have a great deal of confidence in the imagination and the ability of the minister and his staff. And so I hope in the years to come there will be worth-while appropriations for rural constituencies such as Mackenzie where, in the past, we have not been able to get many public buildings.

(Translation):

Mr. Dufresne: Mr. Chairman, for the first time since I have the honour of sitting in this house, I have before me the estimates for the fiscal year ending March 31, 1955. When I saw that the Department of Public Works intended to spend $130 million and a few hundred thousand dollars during the coming year, I asked myself for what purpose the government was requesting parliament to vote such a large amount. I came to the conclusion that the government had the duty of providing the Canadian nation with the numerous public services needed to ensure its expansion, development and progress. And secondly—this seems quite important to me—a public works program gives work to those who must provide for a wife and children.

Mr. Chairman, I note with regret that the amount earmarked for public works in Quebec city—I have the honour of representing one of its constituencies—is but $225,000. When I say $225,000 I am being generous because that amount includes $125,000 which is a revote from last year, the money not having been spent.

Mr. Chairman, I wish to draw to the attention of the Minister of Public Works (Mr. Winters) and of the government the fact that the citizens of Quebec city are probably those who are most affected by the unemployment situation now prevailing in Canada.

On November 23 last, I had the honour of making the first speech of my political career in this house. At that time, as will be seen from page 231 of *Hansard* for that day, I spoke of the working classes I represent in this house. Mr. Chairman, may I quote to the hon. members a few excerpts from that speech which, in my opinion, are quite relevant to the remarks I wish to make tonight. I stated, Mr. Chairman, that:

> However honest and generous they may be, our working people must not nevertheless consider themselves as forming an inferior class. It is as honourable as any other class of society. Our workingmen are legitimately proud of what they are. They rely upon their elected representatives to give voice to their legitimate representations.

(Text):

Mr. Bourget: Mr. Chairman, on a point of order, I think the hon. member is talking about unemployment, and in the circumstances he is out of order.

Mr. Dufresne: If the hon. member for Levis—

Mr. Bourget: I am speaking to a point of order.

The Deputy Chairman: I understand the hon. member is discussing the question of unemployment in its relationship to the public works program of this country. In so far as he refers to it with a direct relationship to public works, undoubtedly he is in order. But perhaps he will do his best to see that his remarks are strictly applicable to the Department of Public Works, because he will realize that unemployment has been discussed, and a decision made by the house. I would thank the hon. member to keep in mind that it is not possible for me to check too closely because of the language in which he speaks. So I know I can depend upon his help.

Mr. Dufresne: I thank you for your observations, Mr. Chairman. I want to discuss public works, and in doing so I wish to claim public works for the city of Quebec. I would point out at the same time that I am asking for public works in that city because there is unemployment. In speaking in my mother tongue, Mr. Chairman, I shall do my best to have you understand me by speaking as slowly as possible.

(Translation):

Mr. Chairman, I was saying that there is at present acute unemployment in the city of Quebec and that it is the duty of the state to put an end to it by undertaking the necessary public works.

In the speech I delivered on November 23 last and to which I again refer, I added:

> The workingman, Mr. Speaker, is entitled to the gratitude of the government. To his ability, competence and love of work we owe almost everything that strikes our eye. His rugged hands are evidence and confirmation of the long hours he has toiled in his shop or in the yard, under the burden of his tools. The honest and conscientious worker—and those traits are typical of the worker living in the constituency of Quebec West—is the builder of the nation and it is our duty to recognize that fact.

Mr. Chairman, on the same occasion, and I intend to do it again tonight, I asked the government to undertake in Quebec urgent and necessary public works that were needed and that the government may not disregard any longer today. I ask and I demand as strongly as I can that the St. Charles river be dredged and that the pollution of the Lairet river be eliminated. That is a knotty problem, not for the constituency I represent, but more particularly for the constituency of the Right Hon. Prime Minister (Mr. St. Laurent) since these two rivers happen to be in his constituency where, I repeat, they are not only a disgrace for the city of Quebec, the capital of the province of Quebec, but they are also a source of infection for its citizens. I am at a loss to understand why a self-styled Liberal government should not pay more attention to these people. After all they have regularly obtained from them expressions of what I might make so bold as to call blind confidence. If my hon. friends now find themselves sitting on the opposite side of the house, the citizens of Quebec are the ones primarily responsible. Is that the way in which the Liberal government chose to show its gratitude? In that case may I ask them quite simply to stop this joking at the expense of the people of Quebec and to proceed with those works which are needed to cure this unemployment situation.

When the public works estimates are considered, I shall have the opportunity of referring again to the same subject. Tonight I merely wanted to speak on behalf of the province of Quebec and ask what I already asked on November 23 last, when the Right Hon. the Prime Minister was here, that the people of the province of Quebec should get what is needed in that province. This has become a necessity. Both rivers to which I referred a moment ago are a danger to public safety, especially to public health, and I feel that our human resources must be protected if we want Canada to remain great and continue along the path to prosperity.

I read in the newspapers this week a statement which seems to me utterly fanciful; it was reportedly made by the Right Hon. the

Prime Minister in Seoul, Korea, while addressing Canadian troops. He said: "Just wait for maple syrup time, spring is just around the corner. You will then be able to come back to Canada and find all the work you need".

Well, Mr. Chairman, I believe that statement by the Right Hon. the Prime Minister is quite untimely for the good reason that, as we know, there are at present in Canada and more particularly in the province of Quebec, works that should be undertaken and which the government refuses to give us although they are needed. Well, Mr. Chairman . . . I see that my hon. friend from Saguenay (Mr. Brisson) seems to be having fun behind the curtains.

Mr. Gauthier (Portneuf): It is rather funny.

Mr. Dufresne: I know that work has been done in Saguenay county. I have asked some questions and requested documents which I obtained. I shall say a word about them to the hon. member later on. I know that there have been a few little scandals when certain public works were undertaken in Saguenay county—

An hon. Member: Order.

Mr. Dufresne: One is always out of order when speaking about the scandals of our hon. friends opposite.

Does the hon. member for Nicolet-Yamaska (Mr. Boisvert) wish to say something? He seems to want to rise.

(Text):

Mr. Boisvert: Mr. Chairman, the hon. member for Quebec West—

Mr. Dufresne: Is this a point of order?

Mr. Boisvert: —has been out of order for the last five minutes. He is talking about a declaration made by the Prime Minister in Korea, and he has just been speaking about some development in the lake St. John district. It has nothing to do with the item under discussion.

Mr. Dufresne: If it is not a point of order—

The Deputy Chairman: Order. As the committee knows, the Clerk of the House is conversant with the language in which the hon. member for Quebec West is speaking, and I have been kept advised as to the tenor of his remarks. It is my opinion that while under a strict application of the rules of order one might say that at times he strayed into other fields, I feel bound to say that I believe the hon. member is as strictly on the subject we are discussing as have been many of the allusions made in various addresses from both sides of the house during the day. I suggest that the hon. member, who knows the rules, continue his remarks and keep the rules in mind.

Mr. Dufresne: Thank you, Mr. Chairman.

(Translation):

I do not want to delay the proceedings of the house any longer. I know that the house will have to adjourn in three or four minutes from now.

However, I would like to ask once more the government and the minister, for whom I have much respect—and I think he does everything possible to run his department properly—to act as spokesman for the people of Quebec in order to obtain for the families of the city of Quebec the work they need. I ask the minister to urge the cabinet and, more particularly, the Right Hon. the Prime Minister, when he returns, to undertake for the benefit of the people of the city of Quebec certain projects which not only are necessary but urgently needed. The carrying out of these projects will contribute to the development of the city of Quebec and, especially, to the conservation of its human resources.

It is difficult for me to understand, as I said before, why the city of Quebec, which has always been blind in its trust of the party opposite, gets so little from the government. They vote Liberal in Quebec and the government knows that the people of Quebec will continue voting Liberal, yet the representations made by the people of Quebec are laughed at. Well, there is an old English saying that goes like this:

(Text):

We can fool some of the people some of the time but we cannot fool all of the people all of the time.

An hon. Member: You will find out.

The Deputy Chairman: Order.

(Translation):

Mr. Dufresne: The people of Quebec will surely remember that.

Mr. Gauthier (Portneuf): Think of that at the next election.

Mr. Dufresne: Mr. Chairman, my hon. friend asks me to think of that when the next election comes. Mr. Chairman, I am not thinking of the next election but only of my duty here. I ask all of my hon. friends

opposite to visit my riding during the next election. The people of Quebec West will let them know if their representative has done his duty or not.

Mr. Gauthier (Portneuf): With pleasure.

(Text):

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday we shall take the Criminal Code, beginning with a statement of those items that were stood by consent as they were placed on the record yesterday by the Minister of Justice.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, March 15, 1954

The house met at 2.30 p.m.

TRANS-CANADA AIR LINES

TABLING OF ANNUAL REPORT

Right Hon. C. D. Howe (Minister of Trade and Commerce): I wish to table a copy of the annual report of Trans-Canada Air Lines, in English and in French, for the year 1953.

GRAIN

BOARD OF GRAIN COMMISSIONERS—CANADIAN WHEAT BOARD—REFERENCE OF REPORTS TO COMMITTEE

Right Hon. C. D. Howe (Minister of Trade and Commerce): I wish to table the annual report of the board of grain commissioners for the year 1953. If I may have the consent of the house, I now move:

That the report of the Canadian wheat board for the crop year 1952-53, tabled on January 29 last, together with the report of the board of grain commissioners just tabled, be referred to the standing committee on agriculture and colonization.

Mr. Speaker: Has the minister leave of the house to move such a motion at this time?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 374, to control export and import of strategic materials.

Some hon. Members: Explain.

Mr. Howe (Port Arthur): The Export and Import Permits Act expires July 31 of this year, Mr. Speaker. The purpose of this bill is to extend the act for a further period of three years, and to modify it and amend it in the light of changed conditions.

When the act was originally passed in 1947 our primary concern was to control the movement of scarce commodities in order to ensure adequate supplies on the domestic market. We also controlled the movement of strategic materials. Over the years the need to control supplies for the domestic market has decreased, but the need for strategic controls has actually increased, in view of the co-operation now existing between NATO countries to control the movement of strategic commodities to soviet bloc countries.

The main new section of this bill has to do with this control of strategic materials. These changes are listed on the attached statement.

Motion agreed to and bill read the first time.

RESEARCH COUNCIL ACT

AMENDMENTS TO ENABLE COUNCIL TO ACQUIRE FUNDS, ETC.

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved for leave to introduce Bill No. 375, to amend the Research Council Act.

Some hon. Members: Explain.

Mr. Howe (Port Arthur): The purpose of the amendment is to clarify the authority of the council as a corporate body to acquire funds from the conduct of its operations and to spend them. This is in line with the procedure of the past 27 years. It is, however, considered advisable to grant specific authority for these practices.

In addition, there are minor amendments concerning frequency of council meetings, signing authority, and the distribution of publications.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 355, for the relief of Marie Jeannette Lucille Catherine Clement Cantin.—Mr. Hunter.

Bill No. 356, for the relief of Pauline Prussick Astrof.—Mr. Hunter.

Bill No. 357, for the relief of Martha Betty Schenck Clarke.—Mr. Hunter.

Bill No. 358, for the relief of Felice D'Abate.—Mr. Hunter.

Bill No. 359, for the relief of Olga Korim Falardeau.—Mr. Hunter.

Bill No. 360, for the relief of Harold Robertson Mann.—Mr. Hunter.

Questions

Bill No. 361, for the relief of Sophie Rosenberg Rosenberg.—Mr. Hunter.

Bill No. 362, for the relief of Frederica Priesel Barrett.—Mr. Hunter.

Bill No. 363, for the relief of Jean Bertha Thomson Lanthier.—Mr. Hunter.

Bill No. 364, for the relief of Roger Tremblay.—Mr. Hunter.

Bill No. 365, for the relief of Adelaide Nina Hall Lanktree.—Mr. Hunter.

Bill No. 366, for the relief of Fernande Gilberte Andrea Leclair Daoust.—Mr. Hunter.

Bill No. 367, for the relief of Diana Barbara Boone Guinness.—Mr. Hunter.

Bill No. 368, for the relief of Clara Sperber Meilen Fink.—Mr. Hunter.

Bill No. 369, for the relief of Maria Assunta Pilozzi Raspa.—Mr. Hunter.

Bill No. 370, for the relief of Robert James Cooper.—Mr. Hunter.

Bill No. 371, for the relief of Diana Frances Nash Milmine.—Mr. Hunter.

Bill No. 372, for the relief of Ross Willis Garrow.—Mr. Hunter.

QUESTIONS

OPENING AND CLOSING OF SHIPPING, MONTREAL

Mr. Bell:

1. At what date each year since 1935 has the government icebreaker broken through the ice in the St. Lawrence river and arrived at Montreal East?
2. At what date each year since 1935 has the first deep sea cargo ship arrived at the port of Montreal to begin the shipping season?
3. At what date each year since 1935 has the last deep sea cargo ship left the port of Montreal to close the shipping season?

Mr. Langlois (Gaspe):

1, 2 and 3.

Year	Arrival (ice-breaker) Montreal East	Arrival— Montreal First Ocean Vessel	Departure— Montreal Last Ocean Vessel
1935	March 25	April 15	December 9
1936	March 25	April 13	December 11
1937	March 18	April 19	December 8
1938	March 23	April 18	December 4
1939	April 1	April 29	December 12
1940	March 15	April 24	December 5
1941	March 13	April 19	December 17
1942	March 16	May 2	December 16
1943	March 23	May 24	December 13
1944	March 15	April 21	December 9
1945	March 25	April 9	December 3
1946	March 11	April 12	December 18
1947	March 18	April 19	December 5
1948	March 19	April 19	December 10
1949	March 6	April 7	December 15
1950	March 21	April 18	December 7
1951	March 7	April 13	December 13
1952	March 7	April 13	December 10
1953	February 27	April 2	December 21
1954	February 23		

INCOME TAX INSPECTORS BY PROVINCES

Mr. McCullough (Moose Mountain):

1. How many income tax inspectors were operating in each province during 1952?
2. How many farmers, in each province, were examined by income tax inspectors during 1952?

Mr. McCann:

1. See answer to item No. 2 of return to an order of the house tabled on 25th February, 1953, in reply to a somewhat similar question asked by Mr. Aylesworth on the 10th February, 1953. (See page 296 of *Votes and Proceedings* of the House of Commons, No. 53, dated 25th February, 1953.)

2. No information available.

[Mr. Howe (Port Arthur).]

INCOME TAX INTEREST RATES

Mr. Hodgson:

1. What rate of interest does the income tax department allow on overdue refunds?
2. What rate of interest does the income tax department charge on overdue payments?
3. Do these two rates differ?
4. If so, will the department consider equalizing same?

Mr. McCann:

1. 2 per cent per annum, in cases provided for by section 57 (3) and 6 per cent in the cases provided for by section 57 (3a) of the Income Tax Act.

2. 6 per cent per annum.

3. Answered by Nos. 1 and 2 above.

Questions

4. The rates of interest shown in 1 and 2 above are the statutory rates provided by sections 57 and 54, respectively, of the Income Tax Act.

MEDICINES AND DRUGS—CUSTOMS DUTY

Mr. Knowles:

1. What medicines and drugs are now subject to customs duty?
2. What is the rate of duty on all such medicines and drugs?
3. What other taxes are imposed on medicines and drugs, and what are the rates of such other taxes?

Mr. McCann:

1.

Tariff item 208t

All drugs, not otherwise provided for, of a kind not produced in Canada, under the most favoured nation and general tariffs.

Tariff item 711

Drugs, not otherwise provided for, of a kind produced in Canada, under all tariffs.

Tariff item 159a

Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, tinctures or medicines, not otherwise provided for, under all tariffs.

Tariff item 220

All medicinal and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, filled capsules, tablets, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, not otherwise provided for, under all tariffs, with the proviso that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or United States pharmacopoeia, the Canadian formulary or the French codex as official, shall not be held to be covered by this item.

2.

Tariff item	British preferential tariff	Most favoured nation tariff	General tariff
208t	Free	15 p.c.	25 p.c.
711	15 p.c.	20 p.c.	25 p.c.
159a	** $3.00 per gallon and 30 p.c.	$2.00 per gallon and 20 p.c.	$3.00 per gallon and 30 p.c.
220			
(i) When dry	* 17½ p.c.	20 p.c.	25 p.c.
(ii) Liquid, when containing not more than two and one-half per centum of proof spirit	* 17½ p.c.	20 p.c.	40 p.c.
(iii) All others	** 60 p.c.	25 p.c.	60 p.c.
Any article in this item containing more than forty per cent of proof spirit shall be rated for duty at	** $3.00 per gallon and 30 p.c.	$2.00 per gallon and 20 p.c.	$3.00 per gallon and 30 p.c.

*The British preferential tariff rates of customs duty under tariff item 220(i) and 220(ii) are entitled to a discount of 10 per cent in accordance with the provisions of the customs tariff.

**The most favoured nation tariff rates of customs duty apply when they are lower than the British preferential tariff rates.

3. Sales tax, 10 per cent.

INCOME TAX ASSESSMENTS

Mr. Clark:

1. What is an "arbitrary" assessment under the Income Tax Act?
2. What is meant by the "net worth" basis of making an assessment?
3. Have rules or instructions been given to determine "net worth"? If not, for what reason?
4. On what basis are living costs determined in making a net worth statement?
5. By whom are such living costs (a) determined; (b) reviewed?
6. Is the procedure for determining living costs on a net worth statement uniform in all offices? If not, for what reason?

Mr. McCann:

1. An arbitrary assessment under the Income Tax Act is one prepared by the taxation division to assess the tax determined or estimated to be properly payable by a taxpayer in instances where such taxpayer has either not filed an income tax return or has filed one which is inaccurate or incomplete.

Questions

2. An assessment is regarded as having been made on a "net worth" basis in any instance where, in order to determine the income of a taxpayer in a taxation year, it has been necessary to ascertain the monetary increase in his net assets in that year (i.e., after eliminating capital gains and losses, gifts, bequests, etc.) and to add thereto the amount of his personal expenditures or "cost of living" in the period.

3. Yes.

4. On the facts of each case. Where factual information is not available estimates may have to be made.

5. (a) Living costs are determined in the first instance by the assessor from records and information provided by the taxpayer. Usually the amounts are agreed upon in discussion with the taxpayer.

(b) Living costs, and all other phases of contentious assessments, are ordinarily reviewed by senior officials of the taxation division before completion of assessments.

6. Yes.

IMMIGRATION—FACILITIES ABROAD

Mr. Pearkes:

1. In which cities of the commonwealth and foreign countries does the Department of Citizenship and Immigration maintain full facilities for the inspection, application, and granting of visas to prospective immigrants to Canada?

2. What are the addresses of the offices so maintained at these various places?

Mr. Harris:

1 and 2.

Country	City	Address
Austria	Linz	Canadian government immigration mission, Finanzgebaude Ost.
Belgium	Brussels	Visa section, Canadian embassy, 230 rue Royale.
Denmark	Copenhagen	Attache, visa section, Canadian legation, Vestagervej 5.
Finland	Helsinki	Visa officer, Canadian legation, Norra Magasinsgatan 6.A.2.
France	Paris	Visa section, Canadian embassy, 38 avenue de l'Opera.
Germany	Karlsruhe	Canadian government immigration mission, Martina building, 11 Redtenbacher strasse.
	Hanover	Canadian government immigration mission, 10 Kirchroederstrasse, Hanover-Kleefeld.
Greece	Athens	Visa officer, Canadian embassy, 18, Anagnostopoulou street, Kolonaki.
Republic of Ireland	Dublin	Attache, visa office, Canadian embassy, 61 Lower Baggot street.
Italy	Rome	Attache, Canadian embassy visa office, via Acherusia Sud 3.
Luxembourg	See Belgium.	
Netherlands	The Hague	Immigration attache, Canadian embassy visa office, Carel van Bylandtlaan 12.
Norway	Oslo	Visa officer, Canadian legation, Slemdalsveien 97, Riis—Oslo.
Sweden	Stockholm	Visa officer, Canadian legation, Smala Grand 5.
Switzerland	Berne	Visa officer, Canadian embassy, Kirchenfeldstrasse 88.
	United Kingdom of Great Britain and Northern Ireland	
England	London	Superintendent of Canadian immigration services, 61 Green street.
	Liverpool	Officer in charge, Canadian immigration office, 34 Moorfields.
Scotland	Glasgow	Officer in charge, Canadian immigration office, 18 Woodlands terrace.
Northern Ireland	Belfast	Officer in charge, Canadian immigration office, 65A Chichester street.

FISHERMAN'S LOAN AGREEMENT, P.E.I.

Mr. Kickham:

1. How much money has been spent by the federal government in the province of Prince Edward Island under the federal-provincial fisherman's loan agreement?
2. Are persons engaged in the lobster canning industry entitled to loans for replacement of equipment?
3. If so, how many applications have been approved since the agreement was concluded?

Mr. MacNaught:

1. Loans to lobster fishermen for trap losses under the federal-provincial agreement in Prince Edward Island have not yet been made subject to final checking of trap replacements. 383 applications are under consideration.

2. No

3. Answered by No. 2.

INCOME TAX COLLECTION, NOVA SCOTIA

Mr. Gillis:

1. What amount of personal income tax was collected in the province of Nova Scotia in each of the years 1951 and 1952?
2. What amount of corporation income tax was collected in the province of Nova Scotia during each of the years 1951 and 1952?

Mr. McCann:

Fiscal year ended March 31	(1) Income tax—individuals (including non-resident tax)	(2) Income tax—corporations (including tax on undistributed income)
1952.....	$16,817,754.90	$17,879,806.78
1953.....	21,568,067.44	23,580,702.98

NATIONAL REVENUE—CUSTOMS CHECK BRANCH

Mr. Knowles:

1. What are the duties and functions of the customs check branch of the customs and excise division of the Department of National Revenue?
2. Are there any instances of different rates of duty being assessed at different ports of entry on the same or similar items?
3. If so, does the abovementioned branch take steps to equalize such rates?
4. In equalizing such rates, in how many cases since January 1, 1952, has this branch recommended an increase in the rate of duty to be charged?
5. In how many cases in the same period has it recommended a decrease in the rate of duty to be charged?

Mr. McCann:

1. One copy of each customs import entry and also one copy of the relative invoice are forwarded from the customs ports to the department. The duties of the check branch are:

To compare invoices with relative customs import entries; to check the values for duty, rates of duty, application of special or dumping duty on goods ruled to be of a class or kind made in Canada, and application or non-application of sales tax and excise tax; to conduct correspondence with the collectors of customs and excise relative to these import entries; to act as custodian of the import entries for the current fiscal year and the three previous fiscal years.

The correspondence between the customs check branch and collectors of customs and excise at the customs ports is largely on standard inquiry forms designated as Forms E-7. If further correspondence is required, letters are written. The comments on these Forms E-7 can be divided into the following general categories:

(a) Advising the collector that a higher rate of duty, sales tax or excise tax is required and requesting an amending entry, i.e., the payment of more duty, sales tax, or excise tax.

(b) Advising the collector that a lower rate of duty or the exemption from sales tax or excise tax is applicable, and instructing him to advise the importer and his customs house broker, if any, that a refund is due.

(c) Drawing attention to mathematical or typographical errors.

(d) Inquiries as to the "end use", which information determines the tariff status of certain importations or the application or non-application of sales tax or excise tax.

(e) Requesting samples or illustrations in order to determine the tariff status.

(f) Requesting reports as to value appraisal of secondhand or used machinery or other goods.

(g) Requesting information as to the certification or required statements on port documents.

2. Yes.

3. Yes. See No. 1(a) above.

4. This information is not available as the E-7's are not segregated, nor are statistics maintained on the basis of the distinctions outlined in No. 1 above.

5. Same as No. 4 above.

Questions

PRAIRIE FARM ASSISTANCE FUND

Mr. Zaplitny:

1. What was the total amount contributed in 1953, to the prairie farm assistance fund by the farmers of (a) Alberta; (b) Saskatchewan; (c) Manitoba?
2. How much has been paid out or approved for payment, for 1953, from the prairie farm assistance fund in (a) Alberta; (b) Saskatchewan; (c) Manitoba?
3. In the case of Manitoba, what is the breakdown of prairie farm assistance payments by municipalities?

Mr. Gardiner:

1. (a) $957,396.31; (b) $2,535,203.64; (c) $516,719.45. (These amounts cover the period August 1, 1953 to January 31, 1954. The latest available information from the Canadian wheat board.)

2. (a) $953,251.75; (b) $1,067,252.25; (c) $500,128.50. (These amounts are as at March 10, 1954 and cover only payments made under the 1953 program.)

3.

Municipality	Amount
Albert	$ 6,931.50
Alonsa	26,495.50
Cameron	6,853.50
Consul	3,191.50
Dauphin	73,345.50
Ethelbert	54,048.75
Gilbert Plains	44,956.00
Glenella	1,102.50
Grahamdale	3,463.25
Hanover	1,455.00
LaBroquerie	14,452.50
Lawrence	12,891.75
Lorne	7,470.00
McCreary	23,265.25
McDonald	11,490.75
Minitonas	5,482.50
Mossey River	22,396.50
Mountain	56,862.25
North Cypress	2,736.00
North Norfolk	1,917.75
Ochre River	23,218.75
Ste. Anne	7,404.75
Ste. Rose	32,243.00
Sifton	10,098.00
Siglunes	11,867.75
South Norfolk	21,519.00
Stuartburn	3,000.00
Victoria	4,367.25
Westbourne	5,601.75

SUCCESSION DUTIES—BONDS

Mr. Diefenbaker:

Does the Department of National Revenue accept Dominion of Canada bonds, whatever their due date, at par value when tendered on account of dominion succession duties?

Mr. McCann: No. Dominion of Canada bonds are not accepted in payment of dominion succession duties.

[Mr. McCann.]

NATIONAL REVENUE INTELLIGENCE AGENTS

Mr. Gagnon:

1. How many intelligence agents, special or regular, are employed by the Department of National Revenue?
2. On what basis are they paid?

Mr. McCann:

Customs and excise division

1. None.
2. Not applicable.

Taxation division

1. None.
2. Not applicable.

TAXATION DIVISION OFFICES—GRADES

Mr. Clark:

1. Are the various offices of the taxation division of the Department of National Revenue classed by grades?
2. If so, what criteria are used to establish the grade of the office?
3. Are the salaries of the various officers determined in relation to the grade of the office in which they are employed?
4. What is the grade of (a) Windsor Ontario office; (b) the London Ontario office?
5. What are the other offices having similar grades to those in (a) and (b) above?

Mr. McCann:

1. Yes.

2. The complexity and amount of work involved.

3. The salaries of the various officers are determined in relation to the complexity and amount of work involved.

4. The Windsor office is a grade 4 office. The London office is a grade 5 office.

5. The other grade 4 offices are: Halifax, N.S.; Saint John, N.B.; Quebec, P.Q.; Sudbury, Ont.; Kitchener, Ont.; Saskatoon, Sask.; Regina, Sask.; Calgary, Alta.; Edmonton, Alta.

There are no other grade 5 offices.

NAVAL DOCKYARD, ESQUIMALT, WAGE RATES

Mr. MacInnis:

1. Have wage rates as they pertain to confined space, dirty money and overtime, been reduced in the naval dockyard at Esquimalt as of January 1, 1954?
2. Are these wage rates for dockyard employees based on prevailing rates in the district?
3. Have the rates in the district on which the prevailing rates are based been reduced?
4. If so, had the representatives of the trade unions with which the employees are affiliated been consulted before the reductions were put into effect?

Mr. Blanchette:

1. No.
2. Yes.
3. No.
4. Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MOTION PICTURE PRODUCTION

Mr. Hansell:

1. How many commercial motion picture producing and processing concerns are there in Canada?
2. What is the name and address of the head office of each?
3. How many film productions have been bought and how many have been rented by the national film board during 1953 from any or all of these companies?
4. How many film productions have been bought or rented by the Canadian Broadcasting Corporation for TV purposes during 1953 from any or all of these companies?
5. How many films produced by the national film board were bought or rented by the Canadian Broadcasting Corporation in 1953, and what was the total amount paid for these film productions?

SOUND FILM PRODUCTION

Mr. Dinsdale:

1. How many Canadian companies are producing sound motion films in Canada?
2. What are the names of these companies?
3. Where are their premises located?
4. How many American companies are producing sound films in Canada?
5. What are the names of these companies?
6. Where are their premises located?
7. How many films did each of these above companies produce each year since 1945?
8. How many sound motion films have been produced by the national film board each year since 1945?

GOVERNMENT MEAT PURCHASES

Mr. Hodgson:

1. Were any meat products purchased by the Department of National Defence or other government institutions from industrial packers L. Goldman & Son, William Puddy & Son, Puddy Brothers Limited, in the year 1953, and the months of January and February, 1954?
2. If so, what quantities?
3. What grades of beef?

MOTIONS FOR PAPERS

ALLUMETTE ISLAND-PEMBROKE BRIDGE

Mr. Forgie:

For a copy of all correspondence, telegrams and other documents, dated from December 7, 1953, in the possession of the Department of Public Works, exchanged between the provincial governments of Ontario and Quebec, relative to the proposed Allumette Island-Pembroke bridge.

Mr. Winters: Mr. Speaker, the permission of both provincial governments has been obtained, and I beg leave to table the correspondence forthwith.

FLIN FLON-NIPAWIN HIGHWAY

Mr. Diefenbaker:

For a copy of all letters and telegrams which have passed between the provincial governments of Manitoba and Saskatchewan and the dominion government since the 1st day of January 1951, regarding a contribution for or assistance in the building and completion of the highway between Flin Flon, Manitoba and Nipawin, Saskatchewan.

Mr. Lesage: I wish to make the usual reservation regarding the consent of the provinces.

Mr. Speaker: Carried, subject to the remarks of the minister.

DOMINION-PROVINCIAL CONFERENCE—CONTINUING COMMITTEE

Mr. Fulton:

For a copy of any correspondence, telegrams and memoranda of telephone conversations exchanged between the dominion government or Minister of Justice as dominion representative on the continuing committee and any provincial government or provincial representative on the continuing committee, relative to the dominion-provincial constitutional conference, since December 7, 1950.

Mr. Garson: This is subject to the usual reservation.

Mr. Speaker: Carried, subject to the statement by the minister.

CUSTOMS ACT, SECTION 35—IMPLEMENTATION

Mr. Knowles:

For a copy of all directives, memoranda, etc., issued by the Department of National Revenue or any official or division or branch thereof, since December 8, 1953, with reference to the interpretation, implementation or enforcement of section 35 of the Customs Act, as amended by Bill 29 of this session.

CUSTOMS ACT, SECTION 35—INTERPRETATION

Mr. Knowles:

For a copy of all correspondence dated since December 8, 1953, exchanged between prospective importers and the Department of National Revenue, or any official or division or branch thereof, with reference to the interpretation, implementation or enforcement of section 35 of the Customs Act as amended by Bill 29 of this session.

Mr. McCann: Mr. Speaker, I shall have to oppose this motion on the ground that it is contrary to practice to make returns of correspondence of private business people with the department. It tends to disclose the private business of the individual or of the corporation.

Mr. Knowles: In view of the statement of the minister I should like the consent of the house to withdraw the motion, subject to my right to put some other question or motion on the order paper later.

Mr. Speaker: Has the hon. member leave to withdraw this motion?

Some hon. Members: Agreed.

Mr. Speaker: Motion withdrawn.

Inquiries of the Ministry

ST. LAWRENCE WATERWAY

Mr. Diefenbaker:

For a copy of all correspondence that passed between any department of the government of the United States and any department of the government of Canada, and a copy of all agreements entered into, since the first day of January 1952, in connection with the St. Lawrence waterway and power project.

Mr. Howe (Port Arthur): This is a very difficult motion, as several departments are concerned. If my hon. friend will agree to let it stand for a few days, we shall study the situation.

Mr. Speaker: Motion stands.

HAROLD C. BANKS

Mr. Hamilton:

For a copy of all letters, telegrams, recorded telephone conversations or any other communications or documents, from January 1, 1947 to date, relating to the case of Harold C. Banks: (a) between the Minister or Department of Labour, the Minister or Department of Citizenship and Immigration, the Minister or Department of Justice, and/or any other person or persons, corporation or government; (b) between any two or more of the above mentioned ministers or departments.

Mr. Harris: Perhaps this might stand for about two days.

Mr. Speaker: Motion stands.

WHEAT

ALLEGED PRICE DIFFERENTIAL—INQUIRY RESPECTING CHURCHILL

On the orders of the day:

Mr. R. R. Knight (Saskatoon): I wish to direct a question to the Minister of Transport arising out of his recent statement at Saskatoon that 20 million bushels of wheat might soon be shipped annually through Churchill. Will the minister state how this result can be achieved in view of the newly announced 9-cent price differential as between Churchill and Fort William?

Hon. Lionel Chevrier (Minister of Transport): I thank the hon. member for having sent me notice of his question. In the first place, I should remind him that the statement I made in Saskatoon is not exactly as he paraphrased it. It had to do with the extension of grain facilities at that port from 2,500,000 bushels to 5 million bushels. This is what I said:

Without any increase in grain handling and loading facilities this additional capacity should enable the port to clear as much as 20 million bushels in a season—

—which is not quite the statement which the hon. member attributes to me.

[Mr. Speaker.]

With reference to the second part of his statement, I am not aware of a 9-cent differential; but I am informed that the forwarding rate from the lakehead to the seaboard is 20 cents, and Churchill is already on the seaboard. The price of wheat at Churchill is the same as at the lakehead, so that I am not aware of anything that would change the position at Churchill.

[*Later:*]

Mr. Knight: I should like to ask a supplementary question of the Minister of Transport. Is the minister aware that at page 2198 of *Hansard* of February 18 the Acting Prime Minister (Mr. Howe) gave the price of class II domestic wheat in store at Churchill as $1.88, and at Port Arthur as $1.79 on that day's market?

Mr. Chevrier: I have not before me the statement that was made, but my hon. friend's statement was directed to me because of my remarks at Saskatoon dealing with the elevator facilities. The hon. gentleman's question might well have been directed to the Acting Prime Minister, who is responsible for wheat problems. What my hon. friend had in mind was to couple the two and try to embarrass me, but he was not successful in that attempt.

ALLEGED UNITED STATES OFFERINGS OUTSIDE OF INTERNATIONAL AGREEMENT

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I should like to direct a question to the Acting Prime Minister. Are press reports to the effect that the United States is offering wheat outside of the international agreement at prices considerably below those provided under the international wheat agreement true? Has that taken place, and what attitude is Canada taking, and what attitude will the ministers who are about to visit Washington take with regard to the difficult situation prevailing in wheat marketing?

Right Hon. C. D. Howe (Acting Prime Minister): I know of no instance in which the United States has offered wheat below international wheat agreement prices. It is the view of all countries in the international wheat agreement that no country outside the agreement will be treated better than those inside the agreement. While there have been instances of wheat being given by the United States government, or an agency thereof, to countries in exceptional difficulties, Canada has been consulted in every instance that has occurred, and we have no particular criticism of the situation.

Mr. Diefenbaker: Will the Acting Prime Minister look into the question and ascertain whether or not it is a fact that Mr. Benson, the secretary of agriculture of the United States, ever made reference to the difficulty of marketing even at a price below the prices provided for in the international agreement?

Mr. Howe (Port Arthur): I shall be glad to look into the matter. I may say that I anticipate the disposal program of agricultural commodities of the United States will be discussed when we are in Washington.

COAL

REQUEST FOR REPORT ON CONFERENCE TO CONSIDER INDUSTRY

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I be permitted to direct a question to the Minister of Mines and Technical Surveys? Is the minister in a position to give the house a report on what decisions were arrived at in the conference held on March 12 between representatives of his department, the mine workers and coal operators of the maritime provinces?

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I wish to thank the hon. member for giving me notice of his question. A meeting was held on Friday last as scheduled and there was present a large delegation from the coal-mining industry, including representatives from the two provincial governments of Nova Scotia and New Brunswick. Several members of parliament were also in attendance.

I would say that it was a very useful and worth-while meeting as the problems of the industry were discussed fully and frankly. I believe that the delegates from the various sections of the industry went away with a better understanding of the need for co-operative action on the part of all concerned to meet the present crisis in the industry. Certain recommendations were made which the government will consider.

I should like to say also that I think the delegates took back several worth-while suggestions as to how the industry could help itself. No concise report was made of the proceedings, although a representative committee issued a press release. I shall probably have some more comments to make when my estimates are before the committee.

TRADE

INQUIRY AS TO ACTION WITH REGARD TO UNITED STATES BREACHES OF AGREEMENT

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to ask the Acting Prime Minister what efforts he and his colleagues who are accompanying him to the conference in Washington tomorrow are going to make with reference to breaches by the United States of the general agreement on tariffs and trade and what action precisely they intend to urge upon the American government representatives at that conference in that regard.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The purpose of the meeting tomorrow is to explore a number of matters. I think no particular representations are going to be made, but a number of matters are going to be discussed.

Mr. Fleming: May I ask if the matter of United States breaches of the general agreement on tariffs and trade will be one of the matters to be discussed at the conference and what views will be put forward on that subject by the Canadian representatives?

Mr. Howe (Port Arthur): I anticipate that the matter will be discussed, and I may say that the delegation will be strongly against such action.

ROYAL CANADIAN AIR FORCE

EXTENSION OF BASE AT STEVENSON FIELD—SALE OF HOUSES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask the Minister of National Defence if he is now prepared to answer the question I asked on Friday as to whether the government will consider selling to the public the thirty houses on Whytewold road in St. James, Manitoba, which were bought to make room for the extension of the air force base at Stevenson field?

Hon. Brooke Claxton (Minister of National Defence): That matter is receiving consideration. I shall not be able to give an answer to the hon. member for several days yet.

COLUMBIA RIVER

REPORTED CONSTRUCTION OF DAM AT MICA CREEK

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to ask the Acting Prime Minister a question of which I have not given notice. Possibly

he or the Secretary of State for External Affairs (Mr. Pearson) might take the question as notice and give an answer at a later date. Would the Acting Prime Minister or anyone on behalf of the government be able to make a statement with respect to press reports over the last week or so regarding a proposal for the construction of a dam at Mica creek on the Columbia river, which we are told has been discussed by the international joint commission?

Right Hon. C. D. Howe (Acting Prime Minister): To the best of my knowledge the international joint commission has made no report to the government on that subject. The government would not be in a position to make a statement until such a report was received.

INCOME TAX

NORANDA MINES—DEDUCTIBILITY OF ADVERTISING EXPENSE

On the orders of the day:

Mr. J. W. Noseworthy (York South): I should like to direct to the Minister of National Revenue a question based on advertisements appearing in today's *Globe and Mail* and the Montreal *Gazette*, copy of which I have sent to the minister. Will Noranda Mines Limited be able to include the cost of the advertisements in today's *Globe and Mail* and *Gazette* in their deductions for corporation income tax purposes?

Hon. J. J. McCann (Minister of National Revenue): I thank the hon. member for having given me notice of his question. That matter will be given consideration at the time the department makes an assessment of the corporation's returns and if and when they make any claim for this expense as a deduction.

NATURAL GAS AND PETROLEUM

INQUIRY AS TO DEVELOPMENT OF MARKETS

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): I should like to direct a question to the Acting Prime Minister. Does the minister, who will head the Canadian delegation to the joint economic committee meeting in Washington, intend to discuss joint Canadian-United States co-operation in regard to the development of markets for Canadian petroleum and natural gas products and the economic supply of those products to Canadian—

Some hon. Members: Order.

[Mr. Fulton.]

Right Hon. C. D. Howe (Minister of Trade and Commerce): A number of matters will be discussed. The purpose of the meeting is to permit discussion of matters affecting the economies of the two countries. I am afraid I cannot say more than that.

DUMPING

DAFFODILS—REPORTED UNITED STATES IMPORTATIONS INTO VANCOUVER

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. Has the minister received any communication from the British Columbia bulb growers' federation with respect to the flooding of the Vancouver daffodil market by United States growers? If so, will he consider using anti-dumping regulations to remedy the situation?

Hon. J. J. McCann (Minister of National Revenue): Mr. Speaker, I have received notice of the hon. gentleman's question and I received a telegram from the president of the British Columbia bulb growers' federation. I have been able to ascertain that, because of the fact that cut flowers of all kinds are held to be of a class or kind produced in Canada, regular guidance has been given to customs ports on the value for duty of daffodils and other cut flowers entering Canada. This guidance is provided officers to enable them to check import values and apply any dumping duties where justified.

POTATOES—ALLEGED SHIPMENTS TO BRITISH COLUMBIA MARKET

Hon. J. J. McCann (Minister of National Revenue): On Friday last I advised the hon. member for New Westminster (Mr. Hahn) that I expected to have more information today on the subject of importations of potatoes into British Columbia during the period February 24 to March 10. From inquiries sent to the British Columbia ports concerned it has been estimated that approximately 23 carloads of potatoes have been imported by rail and highway. I would draw to your attention the fact that, as hon. members know, the question stated 150 carloads, although there were three carloads beyond those estimated which came by truck. As hon. members know, potatoes are free of duty. However, a check is presently being made of relevant invoices to see that the declared value corresponds with the home market value in the country of export as required. Indeed, they are free of duty for ten and a half months of the year, from

June 15 until the 1st of August, when there is an attempt to protect the home market for what is known as new potatoes. The duty is 37½ cents per 100 pounds.

NATIONAL FLAG

INQUIRY AS TO REPORT BY COMMITTEE OF LIBERAL MEMBERS

On the orders of the day:

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I should like to direct to the Secretary of State a question of which I was not able to give him notice, and therefore he may prefer to take this question as notice. Has the minister's attention been drawn to a press dispatch to the effect that a committee composed of Liberal members is now working on a design for a Canadian flag and, if so, will the report of this committee be made to parliament in due course?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I have spent most of the last two days on the train and have not had much opportunity to read press reports. I have however been quite diligent as a member of the house, but I know of no committee having been set up by this house for that purpose. I assume that a committee would have to be set up before a report could be made.

[*Later:*]

PROVINCIAL LEGISLATION, NEWFOUNDLAND

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Secretary of State following the question asked by the hon. member for Dauphin (Mr. Zaplitny)? Is the Secretary of State aware of the fact that his province of Newfoundland has a national flag act specifying a national flag for that province. Does the government consider it appropriate for a province to legislate on the question of a national flag?

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, that does not seem to be a question which has anything to do with this parliament.

HOUSE OF COMMONS

REFUSAL OF RESTAURANT TO HONOUR PERSONAL CHEQUES OF MEMBERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I rise on a most important question of privilege. My privilege is based on a completely unexpected humiliation and a growing righteous indignation. Will Your Honour inform the house who is responsible for issuing the order that personal cheques of members of parliament are not to be honoured in the parliamentary restaurant or the cafeteria?

[*Later:*]

Mr. T. H. Goode (Burnaby-Richmond): Mr. Speaker, I rise on a question of privilege. I wish to support my colleague across the house. It has come to my attention lately that two hon. members, not belonging to my own party, required money at a week end in order to go home because of illness in their families and they were unable to obtain it. I believe the matter raised by the hon. member for Kootenay West (Mr. Herridge) should receive more attention than it has been given up to the present.

Mr. Speaker: If I may perhaps say a word, the only reason I did not deal with the matter raised by the hon. member for Kootenay West was not because I did not consider it deserved attention, but merely because, as hon. members know, the affairs of the parliamentary restaurant are in the hands of a committee and that committee when it meets will perhaps have a chance to look into this question further. As far as the administration of the affairs of the parliamentary restaurant is concerned, I know that this question of cashing cheques was at one time or other brought to my attention and that as a matter of regular routine the manager of the restaurant attempts to accommodate hon. members. However, it must be remembered that he is not a banker and need not necessarily keep large sums of money on hand in order to satisfy the requirements of hon. members. It may happen that at some time he may be able to accommodate hon. members but there are other times when he cannot do so. Hon. members will understand that if they must leave on a trip they will have to make provision to have their cheques cashed either at banks or through some other organization. It has never been the function of the manager of the parliamentary restaurant to keep a certain amount of cash on hand in order to satisfy the requirements of hon. members as regards cashing cheques.

Mr. Ferguson: Mr. Speaker, I happen to be a member of that committee and I wonder when we are going to meet.

Mr. Speaker: It appears as though some of the matters which have been brought up since the opening of the session indicate that hon. members are anxious to have a meeting of that committee. Since the hon. member

is a member of that committee he will no doubt signify his intention to hold a meeting and I will be glad to oblige him.

Mr. Ferguson: Mr. Speaker, apropos of the subject of cashing cheques, I have heard that—

Mr. Speaker: Order. I do not think we ought to debate this matter here. If the hon. member wishes to have a meeting of the committee he could bring the matter before the committee. I would ask him to wait until the committee meets.

POST OFFICE

RED DEER AND PORTAGE LA PRAIRIE—IMPLEMENTATION OF FIVE-DAY WEEK

On the orders of the day:

Mr. F. D. Shaw (Red Deer): Mr. Speaker, I should like to direct a question to the Postmaster General and perhaps he will take this as notice. Will the Postmaster General review the position of the postal employees in the city of Red Deer relative to their not being included in the proposed five-day week plan according to the legislation?

Hon. Alcide Cote (Postmaster General): Mr. Speaker, I shall be glad to look into this matter but I must remind my hon. friend that the civil service commission is constantly reviewing the situation as regards the implementation of the five-day week in different parts of the country.

Mr. W. G. Weir (Portage-Neepawa): Mr. Speaker, will the minister at the same time look into the situation as it affects the city of Portage la Prairie?

CRIMINAL CODE

REVISION AND AMENDMENT OF EXISTING STATUTE

The house resumed, from Thursday, March 11, consideration in committee of Bill No. 7, respecting the criminal law—Mr. Garson—Mr. Applewhaite in the chair.

The Deputy Chairman: Before the house proceeds to the consideration of Bill No. 7 there is a word of explanation which, I believe, might well be said from the chair. As hon. members of the committee know, a large number of clauses were permitted to stand with the consent of the committee as a whole for subsequent consideration. We have now reached the stage where they come up for consideration. They have been divided into five groups, but not necessarily in numerical order. Might I have order in the committee please?

I have the list concerning these five groups before me now but I believe the committee would not wish to have me read it entirely, as it is rather long. I would point out, however, that these groups are as follows: Group 1, clauses not considered of primary importance. Group 2 concerns drunken driving, defamatory libel, nuisances, etc. Group 3 concerns certain sections in connection with sexual offences. Group 4 concerns treason and sedition; and group 5, riots, sabotage, and criminal breach of contract. It is my understanding that, by agreement, these groups will be taken in the following order: We will take group 1, then 3, 2, 4, and finally 5. Therefore, we have now before us this afternoon clauses not of primary importance and the first clause in this group is clause 16 concerning insanity.

On clause 16—*Insanity.*

Mr. Fulton: Mr. Chairman, the committee was kind enough to stand this clause over at my request. The reason I asked that it be allowed to stand was for the purpose of placing on record some considerations which I believe should come before the royal commission which has now been appointed to consider the criminal law with respect to the defence of insanity.

Clause 16 is the clause in the new code which will carry the law for the future into the statute books and cover the defence of insanity. In this connection I wanted to suggest that there should be before the royal commission for its particular consideration and recommendation that particular phase of the law concerning the defence of insanity, the only legal basis for which appears to be found at the present time in a citation in Tremeear's criminal code.

The Deputy Chairman: Order. Perhaps this might be the last time it will be necessary to remind the committee that, in the interests of those who are following the discussion of the Criminal Code, there should be sufficient silence to enable any hon. member who is speaking to be heard.

Mr. Fulton: Thank you, Mr. Chairman. I appreciate your remarks. I have a fairly loud voice and I will try to be heard over any such interruptions as may in future be made.

The passage to which I had reference is found in Tremeear's criminal code, fifth edition, at page 297. It was referred to in a recent case of murder in British Columbia in which there were two defences, one being that of provocation and the other that of insanity. It so happened that the jury brought in a verdict of manslaughter, which verdict could only have been based upon the defence of provocation. But there was no question of drunkenness in that case. The only defence

in connection with which a verdict of manslaughter could have been brought in was that of provocation. It was, however, related to the defence of insanity because the accused was suggested by his counsel to have been suffering from mental defect or instability. In other words, the defence of insanity was twofold: first, that the accused was suffering from mental defect or instability, and second, that in any event he was insane and therefore was not criminally responsible for his act. In order that I may bring the point specifically before this committee for the purpose of having it referred to the royal commission for its consideration and recommendation, I could perhaps just read from pages 296 and 297 of Tremeear. In dealing with the point that the jury should not be allowed to take into account the question whether or not the accused was drunk in establishing whether or not there was provocation, the text comments as follows:

> For similar reasons, the fact that accused was drunk at the time cannot enter into the consideration of the sufficiency of the provocation.

Then there are given a number of citations which I do not need to place on the record. Then the comment continues:

> But, when sufficient provocation is established, the jury must also find that accused acted "in the heat of passion caused" by it, and here the question of drunkenness may become important, and the judge should tell the jury that they may take into account the fact that a man in a condition of intoxication is more susceptible to passion than a sober man would be. In other words, though accused's drunkenness cannot be considered in determining whether or not provocation existed, it may and should be a factor in determining, once the existence of provocation is established, whether or not accused was put into a passion by it.

The authorities cited are R. *v.* Harms and R. *v.* Thomas.

Then the text continues—and there is no case cited in support of the proposition—as follows:

> There would seem to be no reason why the same rule should not apply in the case of mental defect or instability.

In the case in British Columbia to which I have referred—and perhaps I should cite it; it was Reg. *v.* Masuda—the defence went to some length to establish that the accused was of an alien race—he was of the Japanese race—and that with regard to marriage they had different views from those of Christians; that all the circumstances surrounding the commission of the crime had been such that the accused had been subjected to a form of mental pressure which amounted to provocation; and that not only had there been the provocation of certain incidents which were relied upon but that owing to the peculiar mental state of the accused with respect to the matter of the marriage of his daughter, he was suffering from a degree of mental instability even though it might not be found that he was actually insane.

Counsel for the defence submitted to the judge that he should instruct the jury along the lines of the citation I have just read, namely that "there would seem to be no reason why the same rule should not apply in the case of mental defect or instability". The trial judge—to which no objection could be taken—read the passage to the jury and it seems to me that the verdict of the jury must have been founded upon that passage. The point that I think it is important to establish is whether or not, in connection with the defence of provocation, that passage contained in Tremeear at page 297 should form part of our law.

I want to make it quite clear that in so far as those connected with the case were concerned—that is, the particular case that I have mentioned—there was no objection to the jury's verdict. There was no appeal by the crown. It might have been thought that perhaps a better verdict would have been not guilty by reason of insanity rather than a verdict of manslaughter, but the fact is that that was the verdict found by the jury. Yet that verdict was found on the basis of a statement in the text of Tremeear which is quite unsupported by any established case. It seems to me that perhaps it should not be left on that rather uncertain basis and that the royal commission might well take into consideration the question of whether or not, with respect to a defence of provocation, the condition of the accused, with respect to whether he is suffering from mental defect or instability, should be taken into account or whether in fact the defence of provocation should be left as it is now, officially, according to the statute, on the basis that it must be such provocation as would provoke a reasonable man—not a man suffering from mental defect or instability—to such an extent that he would commit the crime in the heat of passion. In the case of this crime, the crime was not committed until some eight hours after the last incident which could possibly have been relied upon as actual provocation. In normal circumstances, the lapse of that eight hours would preclude the defence of provocation. Yet the jury here, owing to the mental condition of the accused, obviously felt that they were entitled to render a verdict of manslaughter by virtue of the defence of provocation.

My whole point is this. It seems to me that the law should not be left in that rather vague and indefinite state. While the whole matter of insanity is before the royal commission I believe they should direct their

minds to the question of the defence of provocation in relation to the mental condition of the accused, even although he may not be actually found to be suffering from insanity in the legal sense.

Mr. Diefenbaker: I listened with a great deal of interest to my hon. friend as he reviewed the situation respecting the law of provocation and referred to the case of R. *v.* Harms. In that case I was counsel for the appellant. A new trial was ordered by the court of appeal of Saskatchewan. That case made new law in that it decided that when the defence of provocation is raised, the crown must first establish that the acts or the words spoken were such as would cause a reasonable man to lose his sense of proportion or to dethrone his reason and that if the jury concluded that words or acts would in fact cause that condition to a reasonable man, then they were entitled to consider the state of his drunkenness with a view to determining how much greater would be the probability of his reason being dethroned in the event that he was intoxicated. I think my hon. friend has made out a very good argument in asking that a provision to a like effect should apply in the case of those who are insane within the meaning of the law.

I should like to go one step further. In recent years there have been a number of cases before the courts in which the accused, unable to establish insanity within the legal concept, has called witnesses to testify to the effect that the accused's mental age, by reason of birth or otherwise, was lower than his chronological age. In other words, there are many people in our country whose mental age, under tests such as the Stanford Binet test and the like, is 7 to 14 years of age, and under the law, based as it is on English common law, between 7 and 14 years there is a responsibility criminally provided the person is in a position to form an intent.

That, in general, is the law, and I should like the commission to give consideration to the advances that have been made in psychology in recent years, particularly in the making of tests to determine mental age, in order to bring the law in line with these scientific advances. The law today provides that a person between 7 and 14 years of age is responsible for his criminal acts only where the crown is able to establish that he in fact had the capacity to form an intent and did form an intent. Those rules were made when physical and mental age were believed to be coincidental. We know differently today. We know there are many persons of adult age with a mental age of from 7 to 14. I should like the commission to give consideration to making provision for responsibility dependent not on physical or chronological age alone, as is the case today, but also on the mental age of the individual based on present and recent psychological investigation.

The principles of our general law respecting insanity were enunciated 110 years ago and I feel that they are in very considerable measure out of line with modern research. When I say that, I realize that the committee in Great Britain that looked into the matter determined, after giving full consideration to this question, not to change the rules in M'Naghten's case. However, there is no reason why the commission here should in any way be bound by what the committee did in the United Kingdom. In my opinion it is very important that when the commission meets every opportunity be given, even to the extent of invitations being sent to leading psychologists across the country—

Mr. Garson: Psychiatrists.

Mr. Diefenbaker: And psychiatrists too—for the presentation of evidence so that when recommendations are made they will not only represent the experience of the courts and the judiciary but also will be somewhat in keeping with modern research.

Mr. Garson: If these are all the observations on clause 16 I might make a brief reply. I think my hon. friends will agree that although their discussions have been conducted under clause 16 of the bill they have actually been discussing section 261 of the present Criminal Code, being the section involved in the case cited by the hon. member for Kamloops. Clause 203 of the present Bill No. 7—

Mr. Diefenbaker: What was the section; not 261?

Mr. Garson: Section 261 is the one that was involved in the case of Rex *v.* Harms which was cited.

Mr. Diefenbaker: In the old code.

Mr. Garson: Yes, that is what I said, in the present code that is now in force. The analogue of section 261 of the present code which appears in Bill No. 7 is clause 203. The two are identical in substance. There is no change in the law.

I wish to thank my hon. friends for having raised these matters. I think their suggestions are very helpful, but for our present purposes would they not agree that the question with which this committee is concerned is whether the terms of reference to the royal commission are wide enough to cover an inquiry upon the point which they have

raised? On that score I would point out that the following are the recommendations of last year's special committee of the House of Commons, considering this Criminal Code consolidation bill:

The committee shall consider further and report upon the substance and principles of these provisions of the law aforesaid—

That is the then existing provisions of the Criminal Code.

—and shall recommend whether any of those provisions should be amended—

In any respect.

—and, if so, shall recommend the nature of the amendments to be made.

That was the report of the special committee of the House of Commons and the report upon the strength of which the royal commission now is being set up. The terms of reference of this royal commission are as follows:

. . . to inquire into and report upon the question whether the criminal law of Canada relating to the defence of insanity should be amended in any respect and, if so, in what manner and to what extent.

Mr. Diefenbaker: In the minister's opinion is that not wide enough to cover the points raised?

Mr. Garson: Oh, yes, I think so. It is a brief term of reference, but it is very wide.

Mr. Diefenbaker: Very comprehensive.

Mr. Garson: Once we have remitted a subject of this sort to a royal commission then, as I think my hon. friend will certainly agree, we are bound to await their report. In the meantime I think the debate that has taken place is very helpful indeed, and I will see to it that it is brought to the attention of the commission.

Mr. Fulton: That of course was the whole point. Nothing much more need be said. The point of embarking upon a debate of even this brief duration was that the case to which I have referred and certain of the facts brought to the attention of this committee by the hon. member for Prince Albert do not form part of the substantive law, the Criminal Code of Canada, with respect to the defence of insanity. That is the very reason why I referred to it. If it should be felt that the case to which I have referred was properly decided—and I am making no comment on that one way or the other—then that should be written into the criminal law as an element of a defence rather than being left on the tenuous basis of a case decided upon the strength of a textbook citation which in itself is not founded on any decided case.

It seems to me if that is to be our law—and I am expressing no opinion upon that at the moment—then it should rest upon some surer foundation than it appears to rest on at the present time. That was why I brought it before the committee, so that attention might be directed to it and so that it might be put before the royal commission in concrete form in their deliberations.

Mr. Diefenbaker: I rise on a question of privilege, Mr. Chairman. A few days ago, speaking in the house during consideration of the Criminal Code amendments, I referred to the Balcombe case, and to the question of a change of venue. It has now been brought to my attention by Mr. J. M. P. Kelly, who was counsel for the accused, that there are some who might interpret my words as criticism of him for his failure to ask for a change of venue. That was not in my mind. There was no criticism implied or expressed, and I realized, as he informed me, that it would have been impossible to have succeeded in getting any better trial had he asked for a change of venue because of the widespread distribution of the magazines in question, which would have had an equally harmful effect anywhere else in Ontario.

I rise, sir, merely for the purpose of saying there was no implied criticism of Mr. Kelly. If he feels or anyone feels that there was, I want to make it clear that there was no such criticism or intention to make any unfair reference to him or his conduct of the case.

Clause agreed to.

On clause 88—*Delivering firearms to minors.*

Mr. Garson: I have an amendment to this clause to take care of a point raised by the hon. member for Vancouver East, who stated he thought there should be an express prohibition of the sale of spring or switch knives. I would suggest, therefore, that my colleague the Minister of Public Works might move:

That clause 88 be amended by adding thereto the following subsection (3):

Every one who without lawful excuse, the proof of which lies upon him, has in his possession or sells, barters, gives, lends, transfers or delivers a spring knife or switch knife is guilty of an offence punishable on summary conviction.

Mr. Winters: I so move.

Mr. Winch: I want to express to the minister my appreciation of the introduction of this amendment. In the intervening weeks since I drew this matter to the attention of the house, I have read in the press reports concerning a number of cases where these spring knives or switch knives have been used by irresponsible youths with injury to those attacked. I fully realize it might be a little difficult in enforcement, but I do think that if the amendment on the statute books is properly publicized it will definitely act as

a deterrent to the use and possession of these knives. I want to thank the minister for having accepted the proposal I made some weeks ago.

Mr. Shaw: The minister may recall that during the deliberations of our committee I brought up a matter under this section which was of some concern to me. I take it that, under section 88, even if a parent were to permit a minor to be in possession of a firearm, that would be an offence and the parent could be accused.

The thing that does bother me is the matter of a minor being in possession of a firearm while in company with his parents. It is not uncommon at all for a parent to take a lad of 13 hunting with him, perhaps hunting rabbits. The parent may have a gun in his possession and the boy may have a gun in his possession. A good many people believe that is quite within the law. I should like to know whether or not it is within the law, and just what is involved. If they are within the law in doing that, just when is it deemed that a minor is under the control of the parent?

From time to time I have noticed cases where action has been taken, and there seems to be a good deal of variance in the enforcement of the law in relation to this matter. I do not know whether the minister can pin this down to the point where he can indicate when a minor may be in the control of his parents.

Mr. Garson: I wonder if it would not be a better practice for the parent, whose minor child is in possession of a firearm, to bring himself within subsection 1:

> Every one who sells, barters, gives, lends, transfers or delivers a firearm, air-gun or air-pistol or ammunition therefor to a person under the age of fourteen years who does not have a valid permit in form 45 is guilty of an offence punishable on summary conviction.

If he gets the permit, that takes him out of that section. Then, subclause 2 reads:

> Notwithstanding section 96, a peace officer who finds a person under the age of fourteen years in possession of a firearm, air-gun, air-pistol or ammunition therefor without a valid permit in form 45 relating to that firearm, air-gun, air-pistol or ammunition may seize it . . .

If they have a permit to have it in their possession, that protects them.

Amendment agreed to.

Clause as amended agreed to.

On clause 102—*Frauds upon the government.*

Mr. Philpott: When this clause was before this committee a few weeks ago, Mr. Chairman, a good many of the hon. members, including the hon. member for Winnipeg North Centre, suggested that, shall we say, this clause was very largely obsolete, to state it mildly. At that time I tried to point out, in asking the minister to allow this clause to stand, that if this clause were literally enforced in Canada the prisons would not be one-tenth large enough to hold all the people who would be there under the penalty imposed by subclause 3, which makes him liable to imprisonment for five years.

Subclause 2 plainly reads:

> Every one commits an offence who, being a party to a contract with the government—

I point out it does not say which government.

> —directly or indirectly subscribes, gives, or agrees to subscribe or give, to any person any valuable consideration (a) for the purpose of promoting the election of a candidate or a class or party of candidates . . .

Then it goes on to make it very clear that it does not make any difference to which party he subscribes. In other words, under a literal interpretation of this clause as it now stands, a person who had a contract with the dominion government, the government of British Columbia, the government of Alberta or the government of Saskatchewan, and who subscribed even to a party that was not supporting that government in question, according to my reading of it, is liable to five years' imprisonment.

It seems to me, Mr. Chairman, that whatever else we do or do not do we should not have in this code anything that overlaps or contradicts any other legislation which deals more especially with any matter. We all know quite well that the problem with which we are striving to deal is dealt with in the Canada Elections Act in great detail. The act deals with everything connected with elections and the subscription of election funds. Therefore, Mr. Chairman, I move, seconded by the hon. member for Kootenay West:

> That section 102, subsection (2) be amended by deleting the words after the words "every one commits an offence who," and substituting therefor "in order to obtain."

The amended clause would read as follows:

> Every one commits an offence who, in order to obtain a contract with the government directly or indirectly subscribes, gives, or agrees to subscribe or give, to any person any valuable consideration . . .

It seems to me that is the plain intent of the framers of this original clause. Certainly the time has come in this country when we can see the whole question of subscriptions to campaign funds of different parties on an honest, open and aboveboard basis. Apart altogether from the fact that people certainly subscribe to the party to which I have the

honour to belong, I would point out that I belong to a labour organization in Canada which subscribes to the party which happens to sit opposite. I would point out that a strict interpretation of the clause as it now stands on the statute books would have the absurd effect, for instance, that if, shall we say, the bus drivers of the provincially-owned bus system of Saskatchewan which has a contract with the government of that province, presumably, wished to make a political contribution, as a good many other unions have done, they would be liable to five years in jail. That is the kind of statute which should never have got onto the statute books of this country at all. It has got on, and it is time we should make it say exactly what we think it should mean.

The Deputy Chairman: Is the committee ready for the amendment?

Mr. Knight: I wish to ask the minister for a definition of the word "contract" in clause 102 on page 37. In asking that question I should like to follow up the remarks of the hon. member for Vancouver South. He made some reference to the province of Saskatchewan, and that is the reason I ask this question. What is the position of a civil servant? Is a civil servant who is working for the government one who has contracted with the government and therefore comes under this clause? If that is so, I object, as I think my hon. friend means to do, most violently, to this particular clause. In the province of Saskatchewan we—and when I saw "we" I mean the people—and certainly the party to which I belong, believe that no limitation should be placed on the freedom of the civil servants either to think, act or work for a political party provided they do their work day by day in their jobs. At night they can make speeches for the Liberal party, the Conservative party or anybody they like. We maintain that is their right and privilege. Furthermore, we encourage them to do so because while I cannot quote the definite act in the province of Saskatchewan I believe there is such an act which allows the civil servants to do so under certain circumstances. The circumstances are that a civil servant may be standing for an office or for a seat in the legislature. The legislature of Saskatchewan actually allows the civil servant two weeks from his work in order that he may go out to promote the interests of his party. Why in the world should he not—because he happens to work for the government instead of working for a hardware store—have the same right to express his opinion in regard to the things which regulate his everyday life in the form of government? That is why I am particularly opposed to this.

I am not thinking politically now. My hon. friend on the other side belongs to the Liberal party; I belong to the C.C.F. party. I think any civil servant working anywhere for any government should not be restricted by any tie so long as he is an efficient civil servant in the department in which he is working. What he does with his spare time and what he thinks and how he thinks are precisely his own business and no one else's.

Mr. Green: May I ask the hon. member for Vancouver South who moved the amendment whether it is his intention to make it illegal for a person to subscribe to campaign funds in order to obtain a contract, but not illegal for a person who already has a contract with the government to subscribe to those campaign funds? As I read his amendment, that will be the result. A person who subscribes to a campaign fund in order to obtain a contract would be committing a crime, but the person who already has a contract with the government can subscribe as much as he wishes and will not be committing any crime.

Mr. Philpott: Yes, that is exactly what I had in mind, because it seems to me the probable intent of this original clause was to make it a crime to try to bribe anybody in the government in order to get some benefit out of it. Certainly there is nothing in the common-sense intention of the law of this country to stop any individual or any organization from making legitimate political contributions.

Since we have expenditures running to the extent of $4½ billion a year for the federal authority alone, not to mention the provincial authority, just about everybody in this country has some kind of a contract with some kind of a government. If we had a literal interpretation of this particular clause and we actually carried it out the whole thing would be just a farce and nonsense. Therefore my intention was to try to make it a crime for anybody deliberately to make a contribution to try to bribe the government.

Mr. Knight: Will the minister give an answer to my question?

Mr. Garson: I shall endeavour to give my hon. friend as good an answer as I can. To begin with, I think the word "contract" as it is used in this clause, not having been defined in any interpretation section of this Bill No. 7, means a contract in the ordinary sense in which that word is used. I think that in that ordinary sense the word "contract" would have a very broad application. Whether it would apply to every single civil servant of any government whatever is another

question. It might be that under the legislation under which a given civil servant was acting for a given government he was appointed during pleasure, or that there was some similar provision in legislation under which he was acting which made the relationship of master and servant between himself and the government for which he worked a legal arrangement other than a contract. But I do think that once that broad meaning, the ordinary dictionary meaning, or ordinary meaning that we usually associate with the word "contract", is given to the word "contract" in this subsection, it does—and in this regard I am quite in agreement with the mover of the amendment—produce a result which is quite absurd. Because it seems to me to be a most extraordinary proposition that anyone who had a contract with the government should be deprived from, shall we say, making a contribution to the campaign funds of a party or a candidate, even one that was opposed to the government.

The theory of this clause, I suppose, is that if the holder of a contract with the government makes a contribution to the government party's campaign funds, the existence of the contract plus the contribution is an impropriety or indicates an improper relationship. But this clause goes much further than that. A strict application of this law would mean that those who had relationships with the government, whether as civil servants or otherwise, which would fall within the term "contract", would be thereby debarred from making any contribution to any political party or candidate whatsoever in Canada.

I think I should make an explanation to members of the house for this clause now before them. This clause or its substantial equivalent has been in the Criminal Code since Sir John Thompson introduced it originally in 1892. So far as I have been able to find out, this section has never been interpreted by the courts between 1892 and now.

The commission engaged in consolidating the code acted wholly within its terms of reference in dealing with this clause. It felt that it was not its duty to change the law, so it simplified its form and left the substance unchanged.

When the clause came to us from the commission it seemed to me that this was the kind of clause which neither the Minister of Justice nor the Department of Justice nor the government should undertake to change. We decided that we should bring it to parliament and let parliament decide whether it wished to approve of it. That is the reason it appears before the members in its present form. It does not carry any endorsement from us, I may say, because in some respects it is rather absurd.

For my part, and I may say that in this regard I am speaking for the government, we would have no objection to accepting the amendment moved by the hon. member for Vancouver South. We think it will result in an enactment which will be more sensible than was this clause in the form in which we received it from the commission, and that the enactment resulting from such an amendment will stand examination.

Mr. MacInnis: I remember referring to this section during the sittings last year of the parliamentary committee. When I questioned the Minister of Justice he indicated an unusual readiness to accept the amendment and it made me a little suspicious. I did not offer the amendment; I let it drop. When I found that such an astute person as the minister was ready to amend a section of the Criminal Code it appeared better for me, who knew so little about it, to let things stand as they were.

I imagine that this section has never been used and I am not so sure that it will be very much more effective with the amendment. I am always leery of what my hon. friends opposite do in matters of this kind because they are the chief beneficiaries of contributions by and large. I brought this up at a meeting where we had the president of the Steel Company of Canada on the witness stand. He reluctantly admitted that they made contributions to political parties and when I asked which parties, he refused to answer. As far as I was concerned, it was not necessary for him to answer because I knew that none of their contributions came to the C.C.F. It was quite easy to know who the other parties were, merely by elimination.

Referring to what the hon. member for Saskatoon has said in regard to civil servants, personally I do not agree with him as to their being given freedom to engage in political activity. I think it would depend on whether the civil servant was in a minor position or whether he had access to confidential information. A deputy minister or an important secretary should not be allowed full freedom during an election and then be able to go back to his office when he had had access to all kinds of confidential information. I do not think that that should be allowed. It is one of the penalties that a person has to pay, I imagine, for having the honour of filling a high position in the civil service of Canada.

Mr. Knowles: I think the question asked by the hon. member for Vancouver-Quadra

should be pursued a little further, particularly in view of the fact that the hon. member for Vancouver South accepts the interpretation placed upon his amendment by the hon. member for Vancouver-Quadra. It seems to me that if the amendment is accepted the position will be that a firm which already has a contract with the government can make all the contributions it wishes and have no fear of this section of the Criminal Code being applied, whereas the firm which has not a contract cannot make such contributions without fear that that act will be suspect. I have no objection to the latter interpretation being the result, but I am concerned about the former, namely, those contractors who already have contracts with the government being in the clear so far as this section is concerned.

There is one other point I have in mind which I shall state briefly. I do not think this is of as much concern as the question I just raised about the amendment. I notice that in its very laudable objective of cutting down verbiage the wording in the code as it now stands has been reduced considerably at this point. We now have just the word "contract", whereas in the old section it read:

...having any contract with the government for the performance of any work, the doing of any thing, or the furnishing of any goods, effects, food or materials, and having or expecting to have any claim or demand against the government by reason of such contract, directly or indirectly . . .

While that wording may have been excessive in terms of the number of words, I think it made it a little more clear as to what was meant by a contract. That would appear to mean a contract between a person or firm for the supplying of certain goods or the doing of certain work for the government. I wonder if reducing it to the one word "contract" has not made it so broad that it will be difficult for the courts to interpret.

Mr. Philpott: I want to make it quite clear that in answering the hon. member for Vancouver-Quadra I was trying to put it on a broader basis. What I was trying to do was to word it in such a way that no one could obtain any kind of benefit by political contributions, either to obtain a contract or, for that matter, to retain a contract. If it would make it any clearer, with the permission of my seconder I would have no objection to adding the words "in order to obtain, or retain a contract". Would that clarify the sense of it?

Mr. Green: What I had in mind was that it does not seem right to prohibit one action and not the other. I think that if you are going to prohibit a man from trying to get a contract, you should also prohibit a man who has already a contract trying to retain favour with the government by donating campaign funds. I do not see why one man should be made the goat and the other a sheep.

Mr. Fulton: I had an amendment which I had drafted which I think would deal with the point raised by the hon. member for Vancouver-Quadra. Perhaps it should be moved at a later stage if and when the amendment moved by the hon. member for Vancouver South is accepted. It would be to amend the clause by adding after the words "with the government" in the eighteenth line the words "or as a term of any such contract, whether expressed or implied". The clause then reads:

Every one commits an offence who, in order to obtain a contract with the government or as a term of any such contract whether expressed or implied, directly or indirectly—

—etc. It seems to me that the purpose of the clause is sufficiently clear. It was designed to prevent a person getting a contract by promising that if he got a contract he would make a contribution to party funds. My hon. friend from Vancouver South has tried to confine it more specifically to the attempt to obtain a contract by making such a promise. I believe, though, that the words he uses leave it open to the person who has a contract to say, "Well, if you give me another contract I will give you a kickback out of the one I have already obtained." I believe both possibilities should be covered and I think the second possibility might well be covered by the use of the words I have suggested.

Mr. Philpott: For my part I am quite willing to accept the suggestion made by the hon. member for Kamloops if the words suggested appear all right to the Minister of Justice.

Mr. Mang: Mr. Chairman, the expression "kickback" rings a bell with me, coming as I do from Saskatchewan. I would like to know how this would affect the Saskatchewan C.C.F. government as regards oil deals and contracts.

Mr. Garson: First, I would like to answer the question put by the hon. member for Winnipeg North Centre with reference to this clause. In my view the fewer adequate words used in a statute, the better drawn the statute will generally be, and the clause in

Bill No. 7 covers no less ground than does section 158 (i) of the present code, which reads as follows:

(i) having any contract with the government for the performance of any work, the doing of any thing, or the furnishing of any goods, effects, food or materials—

—and so on. I believe the single word "contract" covers all that is covered by the larger number of words in this subsection. One point which I believe deserves consideration, especially by members of the committee, is that we do not necessarily cover a wider area of application by using a lot of words. We can cover a wider area by using fewer words, if they are the right ones. For example, if you wanted a charter of very broad application and applied to the Secretary of State, the widest kind of charter you could get would be one permitting you to carry on trade or to do business—if they ever gave it to you. The kind of charter which is not so good is one specifying exactly what you can or cannot do. The word "contract" as it is used in this bill is of very wide application, so wide indeed that it is a little difficult to say without knowing the facts whether it will apply to the arrangement that civil servant A has with the employing government, and to a quite different arrangement that civil servant B may have with his government, or to a union having a labour agreement. It would be covered in one case but not necessarily in the others. It is of quite wide application.

Mr. Knowles: But, Mr. Chairman, is that not just the point? That one word does cover a much wider territory than the longer wording will, but it is so wide that the court will not know what it means. The court will say, "Surely parliament did not mean that someone drawing a family allowance cheque has a contract with the government". Yet that may be the effect.

Mr. Garson: But surely no one can argue that a person drawing a family allowance cheque has a contract with the government. A person might draw a family allowance cheque but he is doing nothing in consideration of the payment he receives. He simply receives it. A contract between two parties contemplates that the parties agree that each will do certain things in relation to one another for certain payments or considerations passing between them. The only difference between these two references in the present code on the one hand, and in Bill No. 7 on the other, is that one specifies a contract covering goods, effects, food or materials, and the other simply specifies a contract. But it is no less a contract, and in order to cover all of the things a contract could cover you would require a much longer section than is contained in the present code.

While I am on my feet I would like to say with reference to the suggestion made by the hon. member for Kamloops that, like the hon. member for Vancouver South, I have no objection to it whatsoever and I believe it would strengthen the clause.

Mr. Philpott: In that event, Mr. Chairman, I would like to move my amendment concerning the words "in order to obtain or retain".

Mr. Fulton: As I understand it, Mr. Chairman, the hon. member for Vancouver South wishes to add the words "in order to obtain or retain" so that the clause will read:

(2) Every one commits an offence who, in order to obtain or retain a contract with the government directly or indirectly subscribes,

etc. I understand we are generally agreed that his wording be accepted, and if so I will thereupon move my amendment.

Mr. Gillis: Mr. Chairman, I wonder if the minister would explain how one can make a contract with the government indirectly.

Mr. Garson: I believe the words "directly or indirectly" modify "subscribes, gives or agrees". The clause without amendment reads as follows:

Every one commits an offence who, being a party to a contract with the government directly or indirectly subscribes, gives, or agrees to subscribe or give, to any person any valuable consideration.

There should be a comma after "government".

Mr. Knowles: Mr. Chairman, I move that a comma be put in.

The Chairman: Do I understand the hon. member for Vancouver South is now moving an amendment in these terms, that the words "being a party to" be deleted from clause 102, subsection 2, and that the following words be substituted therefor: "in order to obtain or retain"?

Mr. Philpott: That is correct, Mr. Chairman.

Mr. Mang: I would like to know whether there is a way of getting at under-the-table deals. I am not making any accusation but some of us in Saskatchewan suspect that there are under-the-table deals with kickbacks and so forth. Will this amendment take care of that?

Amendment agreed to.

Mr. Fulton: Mr. Chairman, might I then move that the clause as amended be amended by adding thereto after the words "with the

government" in line 18 the words "or as a term of any such contract whether expressed or implied".

The Chairman: Is it the pleasure of the committee to adopt this amendment?

Mr. Knowles: May I ask whether somewhere in this process we have got a comma in after "government"?

Mr. Garson: Yes. It was put in in the hon. member's motion.

Mr. Knowles: In this amendment which is now before us?

Mr. Garson: Yes.

Mr. Knowles: It started with a comma.

Mr. Garson: It started with a comma and I believe it ended with a comma. I apprehend that the clause will read in this way:

> Every one commits an offence who in order to obtain or retain a contract with the government or as a term of any such contract whether expressed or implied, directly or indirectly subscribes, gives, or agrees to subscribe or give to any person any valuable consideration . . .

—et cetera.

The Chairman: Shall this amendment carry?

Amendment agreed to.

Clause as amended agreed to.

On clause 116—*Witness giving contradictory evidence.*

Mr. Fulton: I do not wish to debate the point at any length, but I must say that I am unable to agree to the clause as it now stands. I accept the fact that the house committee last year, after lengthy discussion, added what amounts to saving words when they inserted the words:

> . . . but no person shall be convicted under this section unless the court, judge or magistrate, as the case may be, is satisfied beyond a reasonable doubt that the accused, in giving evidence in either of the judicial proceedings, intended to mislead.

Nevertheless, the effect of the section it seems to me will inevitably be to discourage a witness who made an error in his evidence on, let us say, the preliminary hearing. That error having been an error made in good faith, the section will discourage him from changing his evidence to what, on sober reflection, he decides is more in accordance with the facts so that the truth may come out and justice may be done at the trial if the accused has been committed for trial as a result of that preliminary hearing.

I have no cause with the man who deliberately gives wrong evidence or false evidence at one judicial proceeding, whether it be a preliminary hearing or whatever it may be, and who then, for some real or fancied personal advantage, changes his evidence at some subsequent proceeding. I have no sympathy with him whatsoever. But, as we all know, there are cases where, perhaps as a result of pressure or perhaps as a result of mistaken zeal to assist in the prosecution, a statement is made on the one occasion or in the one judicial proceeding. I am quite sure we all know of cases where people make statements and tend to stick to them. Perhaps even some of us here might be guilty. There is a certain stubbornness about people, who, once having made a statement, are going to stick by it. Hon. gentlemen opposite taunt us with lack of consistency if we change our statements. That is, of course, what would happen here. We are now referring to judicial proceedings. It is a well known fact that, once having made a statement, a person is inclined to stick by it; but occasionally he can be persuaded to change it if it is clearly proved to him that it was wrong in the first instance and if it is clearly proved to him that the cause of justice demands that he change his statement.

What is his position now? Having once made a statement at the first judicial proceeding, the mere fact of changing it at a subsequent proceeding exposes him to a charge of perjury. The crown does not have to prove which statement was right or which one was wrong. I should perhaps say that the crown has to prove that one of them was made with intent to mislead. Perhaps I should have read the whole thing to start with. The section contains these words. It states that the man who does this . . .

> . . . is guilty of an indictable offence and is liable to imprisonment for fourteen years, whether or not the prior or the later evidence or either of them is true, . . .

The crown does not have to prove that either of them is true or that either of them is false. All it has to prove is that there has been a change.

Mr. Garson: It has to prove a great deal more than that.

Mr. Fulton: It has to prove that one of them was made with intent to mislead. The crown no longer has to decide which is the true one and which is the false one and lay the charge accordingly. All that has to happen is for the man to change his story or—perhaps I will put it this way and I think it is correct—to correct his story or to correct his statement—

Mr. Diefenbaker: That is the point.

Mr. Fulton: —between one judicial proceeding and the other, and he exposes himself to the liability of prosecution for perjury. Then we couple with that what I have already referred to as the innate desire of a

person to appear consistent, the reluctance to change a statement. Suppose your counsel comes to him and says, "In the interests of justice, in order that this man may not be unfairly convicted, you must reconsider this matter and correct your statement." He says, "What is my position?" A conscientious counsel has to tell him, "I am sorry, but under section 116, the new section of the code, you are liable to a charge of perjury; but notwithstanding that, I beg of you to change your statement." What is he going to say? He is going to say, "You will have to find somebody else. I am sticking by my former statement." It seems to me, Mr. Chairman, that the interests of justice will be anything but furthered by enacting this new clause. I am sorry, but I must oppose it and my colleagues here feel the same way as I do about it.

Mr. MacInnis: Mr. Chairman, the note with regard to this clause says that it is new; that is, that it had not been in the old Criminal Code. We got along very well from 1892 until 1954, without any great harm coming to the country. We seem to have prospered. We are thought highly of by our neighbours and we think highly of ourselves; yet we have not had this section in the Criminal Code all these years. In the committee we had a long discussion on this matter. Those of us who are not lawyers saw clearly that here is a case where a person would not be punished for giving false evidence provided he insisted on giving false evidence. But if he gave false evidence and then, on consideration, feeling that it was false, decided to give true evidence, he would be punished; and he would also be punished if he did it in the reverse order. He would not be punished for lying, something which might have its effect on the freedom or the punishment that some other individual would get. He was punished for changing his evidence from true to false or false to true. We hammered away on that, and it is just as ridiculous as it sounds. The section was amended to the form in which it now appears. It reads:

> Every one who, being a witness in a judicial proceeding, gives evidence with respect to any matter of fact or knowledge and who subsequently, in a judicial proceeding, gives evidence that is contrary to his previous evidence is guilty of an indictable offence and is liable to imprisonment for fourteen years, whether or not the prior or the later evidence or either of them is true, but no person shall be convicted under this section unless the court, judge or magistrate, as the case may be, is satisfied beyond a reasonable doubt that the accused, in giving evidence in either of the judicial proceedings, intended to mislead.

Does a judge not have that power as the law stands at the present time? He can say that a man's evidence is false. I have heard judges make that kind of statement and subsequently the person has been prosecuted for perjury. Could we not get along without this clause at all? Lawyers know much better than a layman like myself whether it is necessary to have this clause in the code. There are other sections dealing with perjury. Why have this section at all?

[Mr. Fulton.]

Mr. Shaw: We feel that we understand and fully appreciate what the minister is trying to cover in clause 116, but we are a bit afraid of it as it is now worded. It has a saving provision, but personally I am motivated in my thinking by an experience I had about sixteen years ago. The incident took place in a magistrate's court. An individual was charged under about four sections of the Criminal Code. I was not the accused and I was not a witness but I was an interested spectator because it so happened that I knew practically all the facts relative to the case. The accused came before the court. An R.C.M.P. constable prosecuted and I must confess, as I told the constable later, that I regretted very much that I was not the accused under those circumstances. The accused was browbeaten from the time the trial started until it finished. The accused was frightened to death. He had never been in court in his life before and he was frightened almost to the point where he could not talk. Words were put in his mouth.

I may say that the man had already pleaded guilty at the outset, but in an endeavour to have the heaviest penalty imposed, I believe, the R.C.M.P. constable put words in his mouth and actually browbeat the man until he was saying things and admitting things that I knew were absolutely false because I knew all the circumstances of the case. It so happened that the case was disposed of in that court and the chap was given the maximum penalty. I can well imagine that accused being a witness under similar circumstances. This may be an isolated case but I am a bit fearful of what could happen under clause 116.

Of course there is also the danger referred to by the hon. member who preceded me. Once a person has, for some reason or other, given false evidence, there is only one safe thing for him to do and that is to stick by it. I realize from what the minister said in the committee that an attempt must be made to do away with outright perjury but I wonder whether we are accomplishing the purpose safely under clause 116. I do not know how it could be worded to remove the possibilities of danger. Maybe there is no other way of doing it, but I cannot help thinking of the case to which I have referred

and which, as I say, was an isolated case. If that man had been a witness in a preliminary hearing in a magistrate's court and the case had been sent to another court the authorities would have got him for perjury and yet there would have been no intent whatsoever in that man's mind to commit perjury. Possibly he would have calmed down by the time he appeared in the higher court. He might have been advised to tell the truth.

Of course, I realize too that it must be clearly established beyond doubt that the person did not intend to mislead. While that may sound all right, it is often a very hard thing to prove. As I say, we appreciate the purpose of trying to have some such provision in the code, but I and my colleagues shiver a wee bit when we think of what may happen.

Mr. Garson: I respect the views of those who have spoken against this provision, for I happen to know that they are the sincere views which have been expressed on previous occasions in the House of Commons committee. But I think the views which inspired the insertion of this clause in the bill are equally sincere and conscientious, and equally well informed.

Surely we are all agreed that one of the most indispensable ingredients of the rendering of justice is that witnesses who go into the witness box should tell the truth. If the majority of the witnesses do not tell the truth, the direct result is going to be grave injustices inflicted upon individual parties to prosecutions and lawsuits.

If the hon. member for Vancouver-Kingsway were on trial for his life, I am sure he would have a very profound interest in the witnesses who were testifying in that trial telling the truth, the whole truth and nothing but the truth.

Mr. MacInnis: Would he not have an equally profound interest in the witnesses correcting an untruth if they told it?

Mr. Garson: I shall deal with that in due course. First of all I want to emphasize the seriousness of the subject matter with which we are dealing. There is hardly any clause in the whole code the principle of which is more important to the administration of justice than this one. There is hardly any crime which has a worse effect upon the administration of justice and upon the question whether citizens are to receive justice than perjury, for if we have more than a certain amount of perjured testimony in the courts the administration of justice becomes impossible.

Against that sort of background, let me add this. The hon. member for Vancouver-Kingsway has said that this is a new clause. He has said that our employment has been maintained, that our production is high, that our prosperity has been great in the interval, and that we have got along very well without having this clause. I suggest that the economic phenomena to which he has referred have nothing to do with the administration of justice, and that even with more production and great prosperity we could still have people going to jail falsely accused and falsely proven to have been guilty.

The reason for this clause being inserted in the new Criminal Code was the growing practice of irresponsible witnesses making statements at different stages of a given trial which were quite inconsistent with one another and when it was quite obviously the fact that certainly one of these statements was false, and perhaps both.

Mr. Diefenbaker: Would the minister say whether there have been many miscarriages of justice arising out of such a practice?

Mr. Garson: No, I could not say, for my hon. friend knows that in order for anyone to make that statement, he would have to be able to trace the injustice back to the evidence which produced it; and he would have to know what I think only the Deity would know, what portions of the evidence produced the conviction, which portions of the evidence were correct, and which portions were incorrect.

In these cases the crown has been faced with an almost insuperable difficulty. I suppose the average layman would say, "If the witness swore to a statement on a certain occasion and swore to an entirely different statement on another occasion, ascertain which of those two is incorrect and lay a charge of perjury against him in respect of that incorrect statement". In some of these cases, however, I am informed it is impossible to know which of these two statements is false. In some cases both of them may be false, yet they are given under oath. I should like to know whether it is just, that one man makes a statement under oath, he makes it deliberately intending to commit perjury and he is prosecuted; whereas another man who, intending to commit perjury, makes two statements which are completely inconsistent with one another is not prosecuted. Why? Because the crown cannot prove which of the two is untrue.

Surely, therefore, there is a good moral foundation for this section. But I agree that the further question which arises is as to

whether the means which we are proposing to provide in this section are practical, and whether they are likely to result in a just trial of an accused charged under this clause. I am free to confess, Mr. Chairman, and I have never disguised the fact when this clause has been under discussion, that in its original form it was open to serious objection.

Last year in the proceedings in the special committee of the House of Commons appointed to consider this bill, the hon. member for Vancouver-Kingsway made an excellent contribution to the debate and to clearing up the point to which I shall now refer. He and other committee members took objection to the form in which the clause was at that time. It then read this way:

> Every one who, being a witness in a judicial proceeding, gives evidence with respect to any matter of fact or knowledge and who subsequently, in a judicial proceeding, gives evidence that is contrary to his previous evidence is guilty of an indictable offence and is liable to imprisonment for fourteen years, whether or not the prior or the later evidence or either of them is true—

Now, this is the way the remainder of the clause read at that time.

> —unless he establishes that none of the evidence was given with intent to mislead.

As the clause was drawn at that time, all the crown needed to do was lay a charge under this clause, and prove that the accused on such and such a date testified upon oath that so and so was the case, and at a later date he testified upon oath that something very different was the case. The crown did not have to prove that either of those statements was true. At this point the crown will rest its case, and the effect of the original draft was to throw upon the accused the onus, which under the British law should always be upon the crown, to prove the case against the accused beyond all reasonable doubt. The accused thereupon would have to go into the box and establish that none of the false evidence proven against him had been sworn to by him with intent to mislead.

At that stage, all of the criticisms which have been offered by those who have taken part in this debate this afternoon would have been justified. It was for the purpose of meeting such criticisms as we have heard this afternoon that a very great change was effected in this clause in the committee. The change was effected in this way. We struck out the words:

> . . . unless he establishes that none of the evidence was given with intent to mislead.

And we substituted for those words the following:

> . . . but no person shall be convicted under this section unless the court, judge or magistrate, as the case may be, is satisfied beyond a reasonable doubt that the accused, in giving evidence in either of the judicial proceedings, intended to mislead.

So that the crown not only has to prove those ingredients which I have mentioned already but has to go on, before the accused has any onus placed upon him whatever, and prove beyond a reasonable doubt that in giving evidence in either one of those proceedings, the accused deliberately intended to mislead the court. Sir, if they prove that, then they prove no more than the crown has to prove in any prosecution for perjury.

Mr. Diefenbaker: No.

Mr. Garson: My hon. friend can make his remarks later on.

Mr. Diefenbaker: There is something more. Previously the crown had to prove that one or the other statement was false.

Mr. Garson: My hon. friend is quite right but I have already covered that in my previous remarks. But the crown has to prove here that the accused intended to mislead.

In the case cited by the hon. member for Red Deer, I presume that the accused was not represented by counsel; is that not right? My hon. friend from Red Deer nods that is the case. If the accused had given different evidence on a subsequent occasion and was then prosecuted under this section, I presume his counsel would be able to show from the report of the proceedings, the nature of the cross-examination under which he had gone; the fact he had no counsel, and that here was a poor chap who had been bulldozed into confusion, so obviously he had not made these statements with intent to mislead. By the new wording this onus of proving intent to mislead is left entirely upon the crown, as it should be.

One of the results of the efforts of the hon. member for Vancouver-Kingsway, the hon. member for Red Deer and other members of the committee is that we have here a clause that is much better, I admit, than the one which came from the royal commission. But that is not the only protection which the committee provided for the accused. It was charged there was a possibility that this clause might be used improperly and irresponsibly for the purpose of bringing pressure to bear upon the accused and that unfair prosecution would be launched under this clause.

The committee accordingly provided in subclause 3:

> No proceedings shall be instituted under this section without the consent of the attorney general.

If a trivial case of this kind arose, under this clause, I am very sure no crown prosecutor would bother a busy attorney general to go through such a case before authorizing prosecution. He would not get too much consideration if he encroached on the time of the attorney general in that way. I would think that only serious cases would go before the attorney general, and in a serious case my personal opinion is that the crown should go on with it and stamp out this practice of giving irresponsible statements under oath, which may be the means of sending innocent people to prison.

Mr. Diefenbaker: With what my learned friend says, that everything that can be done should be done to stamp out perjury, which is rampant in our courts, I am in agreement. But I am somewhat concerned over this section, even in its revised form. I think the hon. member for Vancouver-Kingsway caused a tremendous light to be thrown on this clause by the few words he uttered in this house today. He said he was only a layman. Well, after all, laymen are the individuals who created the common law of our country and the common law of Great Britain. His views clarified the situation, as no one but a layman could have done.

Every one of us wants to see perjury outlawed from our courts and punished where it takes place; but what impresses me about this section is that, if my understanding is correct, the Canadian Bar Association discussed it on several occasions and refused to recommend it. The Canadian Bar Association is composed of the best counsel and solicitors in our country. They meet year after year. On the committee on criminal law there are outstanding representatives of crown and defence counsel. As I remember it, this question was discussed at great length at the bar meeting at Vancouver some two or three years ago. The tremendous danger inherent in it was referred to counsel not only for the defence but for the crown.

Mr. Garson: May I ask a question? Was the view of the Canadian Bar Association not reached in relation to the clause in its original form?

Mr. Diefenbaker: That was one of the strong objections; and this section, sir, is another of those that seem to indicate that the recommendations were made by crown prosecutors generally, or those who in the past have been members of prosecution staffs. There were some defence counsel, representative of the best in our country, on that commission. This is a clause which in its desire to punish perjury has put a premium on its continuance.

I mention one example; it is a case that was before the courts. After all, it is in practice that one sees the application of matters such as this. How often does the outcome of a case depend on identification? You, sir, as a member of the bar know how often identification is based on error; how often we return to our homes and say that we have seen a certain person on a certain day. We have known that person, and a few days later we find that the individual was not around.

Identification is easily made. An arrest takes place. A parade may take place, or often a parade does not take place, but the individual has seen a picture of the accused in the press. That individual goes on the stand at the preliminary hearing and says, "I identify this accused as the man." Later on, as he considers the matter and events are brought to his attention he begins to realize that he is not quite so certain. Finally at the trial, in the course of cross-examination, or in examination in chief, he says, "I have come to the conclusion that I cannot identify this person." Suppose he does that in cross-examination? As the law now is he stands in no jeopardy. As the law will be, if it is changed—

Mr. Garson: No.

Mr. Diefenbaker: My hon. friend says "no". As the law will be if it is changed there will be a fear in his mind. He will say, "If I dare to admit the probability or the possibility of error in my earlier evidence I stand in jeopardy. I will be in a position where I can be prosecuted." The Minister of Justice says, "It must be established that he intended to mislead." Fine points such as these are not in the minds of witnesses.

Mr. Garson: May I ask another question? Is my hon. friend arguing that solely because a witness's evidence in chief does not stand up under cross-examination he thereby becomes liable under this clause? Because if he is I certainly would not agree with him.

Mr. Diefenbaker: Yes; it is a fact, if the man gives evidence on preliminary hearing and then changes it. Suppose there is no counsel. The matter comes to trial. The witness gives the same evidence in his examination in chief. In cross-examination he changes that, he waters it down, he decides that he may have been in error. Then his evidence at the trial will be in conflict with the evidence at the preliminary hearing, because all the evidence has to be considered and he has placed himself in jeopardy.

Mr. Garson: Does my hon. friend suggest that it would be possible to prove an intent to mislead under those circumstances?

Mr. Diefenbaker: Oh, those fine distinctions are not in the mind of the witnesses.

Mr. Garson: But there has to be that distinction; it is an onus the crown must discharge before it can prove a case under this clause.

Mr. Diefenbaker: Witnesses know they are liable to be prosecuted if they alter their evidence in any particular. What this does, I repeat, Mr. Chairman, is to place the witness in a desperate position. He is in the position often described as between the devil and the deep blue sea. If he admits at the trial that he was in error at the preliminary hearing, then he is subject to prosecution. Whether there would be a conviction is another thing, because of the question of intent to which my hon. friend makes reference, but there is nothing to prevent him from being prosecuted and tried.

Mr. Garson: May I ask another question? Can my hon. friend imagine any provincial attorney general in Canada ever authorizing a prosecution under those circumstances? I certainly cannot.

Mr. Diefenbaker: Well, I am not going to enter into an argument about what attorneys general would do, but I say this. Police officers would be awfully annoyed at the change of front on the part of the witness if it resulted in a verdict of acquittal. The police officers are under the direction of the attorney general. I have heard my hon. friend on many occasions endeavour to exculpate himself for failure to act in reference to criminal law on the ground that it is the responsibility of the attorney general of the province. The police officers are under the direction of the attorney general. The attorney general will have placed before him the evidence of the police officers. There is no discretion there, as I see it. Naturally the police officers will feel that they have been deprived of an advantage by the change of front.

Many of them, human beings as they are, would certainly feel disposed to recommend prosecution. Personally I cannot see why a section that is and has been for many years the law of Britain, and has been our law, should be changed. My hon. friend fairly admitted that he is not in a position to say there have been many miscarriages of justice by reason of the law being what it has been for the last hundred years. I can see no reason for a change which has the effect of placing an accused in jeopardy. It is not that we want to see the guilty escape, but we do not want an innocent man convicted because some witness of the crown, having given evidence, dared not change it.

This section, as I see it, after listening to my hon. friend—and I listened to his explanation with profound interest—has in it tremendous dangers to the administration of justice. In assuring that justice be done to the individual it places the crown in a position where it will be able to say, "We have a witness who gave certain evidence at the preliminary hearing."

Then they are in position to say, "Don't change that story, because there is a section that provides that under those circumstances you may be prosecuted." Whether or not he will be, the fact is that he will be in jeopardy. No one wants to see the administration of justice such that if the truth could be told an accused would be found innocent, but where those who would tell the truth are placed in the position of being awarded a premium for continuing to tell what is false.

Mr. Gillis: If a layman may butt in for a few minutes, the hon. member for Dauphin has just reminded me that the question we are discussing now is perjury, and that perjury is when you are lying and get caught at it. I think that is a pretty good definition. The hon. member for Prince Albert said the hon. member for Vancouver-Kingsway did not do a bad job as a layman. It is generally laymen who are tried under the Criminal Code. You do not generally find very many lawyers on the wrong side of the judge and that is why laymen should be interested.

Mr. Diefenbaker: I was not implying or suggesting that laymen should not speak. I was simply commending my hon. friend on the clarity with which he placed the matter before the committee.

Mr. Gillis: I understood that perfectly well. I am just reminding my hon. friend that more laymen should be interested in the law. As far as I am concerned I do not see very much wrong with this clause. One good thing about this revision of the Criminal Code is that a lot of people are going to find out something about it. I have never had anyone who has written me when in jail or who has come to see me when about to go to jail who was not innocent. I have never yet met anyone who admitted he committed a crime. They always claim they are innocent, that they were framed. They contend that false evidence was given against them. I think that is an indication that there is some need for this kind of thing.

I believe the safeguards are pretty tight. A judge must be convinced that the evidence is intended to mislead. If he makes an error it may be corrected by the attorney general. In discussing this particular clause it is

always assumed that some poor innocent person who is not in any position to defend himself is the culprit who is going to put in evidence that is intended to mislead. But I think this section works both ways, or I hope it will.

I sat in court listening to a trial in which I was interested for the same reason as the hon. member for Red Deer, because I was acquainted with the people concerned. The accused had counsel, and the case was tried before the local magistrate. The accused brought four or five reliable witnesses to give evidence, but then a member of the R.C.M.P. walked in to give evidence. That magistrate had a look in his eye like that of a bad horse, and I am convinced that the accused was convicted before it started. I had listened to several cases, and it seemed to me that the magistrate had a stock way of listening. There was no comment, just the same fine for everybody. I heard the mountie give evidence, and I heard the accused give evidence. By the way, it was a medical doctor who was concerned. I heard the four or five witnesses give evidence. The evidence given by those six people indicated that the mountie was lying all over the place. It was false evidence right along the line. Nevertheless, when the magistrate had to decide he simply said, "Guilty; $50. Next case."

I am assuming that an accused could appeal a case like that under this section and charge the mounted policeman with having given false evidence before that court to mislead the magistrate. I think it would work under this section of the Criminal Code. There is protection there. It is not unusual today in many sections of this world for a lawyer who practises criminal law to have in his locality or close by witnesses who can be hired—they make a living out of it—to swear to anything. After there has been a session of the court, if it is necessary to change the evidence they have given, they say they had a lapse of memory and they swing it around to suit the case the following day. That may not be done so much in the smaller sections, but it is definitely done in the larger sections of Canada and the United States.

We got along without this type of thing for a good many years, and none of us can say how many people have gone to jail because of false evidence. As I said before, everyone I have talked to claimed that he was framed, that the evidence was wrong. It might have been so in many cases. This is a big improvement over what was first proposed. As far as I am concerned I think there are many safeguards in it.

I am interested in this not only from the angle of having witnesses tell the truth, though I agree with the Minister of Justice that if people do not want to see justice administered fairly, if they are not prepared to go into court and tell the truth, then it will not be easy to administer justice. We must remember that prosecutors do not all sprout wings. They are the people who bring you into court and many of them are interested in getting convictions and will use any means at their disposal. If a man has money with which to hire counsel, and his counsel is not satisfied that the evidence put in by the prosecution is proper and was intended to mislead in order to get a conviction, he has redress in my opinion under this section. He can appeal and accuse the people who put in the false evidence. I would be prepared to take a chance on it.

Mr. Fulton: In view of what has been said by the hon. member who has just resumed his seat, I think we should bear in mind that the possibility of prosecution for perjury under this section would apply not only to those who give evidence in criminal cases but to those who give evidence in civil cases.

Mr. Gillis: Fair enough.

Mr. Fulton: What my hon. friend has said would perhaps be applicable if we accepted as a principle that a person could never be mistaken. If he is prepared to say that a person should never make a mistake, that if he does make a mistake he should be prosecuted, then I think his case would be logical.

Mr. Gillis: The section provides for that.

Mr. Fulton: When we assume the possibility of mistake, when we assume that the result of a mistake may be to mislead, then I think we will see the danger of the section. I think the minister will agree with me that an examination for discovery is a judicial procedure. An examination for discovery is the first step in a civil case. A person who comes in for examination for discovery probably has not had a chance to talk over the matter with others who are concerned in the accident, if we assume it is a case for damages arising out of an accident. He may well make a statement on examination for discovery which is made purely as the result of a mistake. He repeats that statement before a jury, if there is a jury, or before a judge, if it happens to be a judge.

What is the effect of that statement? The effect of a statement as to the distance between the two automobiles will certainly be to mislead, that is if the statement is given credence. He has made a statement which is wrong or mistaken, and when he is cross-examined he begins to recall the

facts. Now, what is he to do? Is he to stick by his statement knowing that if he changes it he may be prosecuted under section 116, or is he to admit, as my hon. friend from Vancouver-Kingsway suggests, what he now realizes to be the truth, knowing all the time he may be prosecuted under this statute, and that if he does not do so he will be free from prosecution? Would not justice be better served if he were free to correct his first erroneous statement? But if he does correct it he is liable to prosecution, and I suggest there will be many miscarriages of justice if such a situation is allowed to continue. I would urge hon. members to vote against this clause.

Mr. Garson: If the problem my hon. friend has just stated is the only thing which bothers him then I can—

Mr. Fulton: It is only one example.

Mr. Garson: I feel the answer to this is very simple and while my hon. friend may not be prepared to accept my answer I would point out that if a person makes a statement during the examination for discovery when he is under oath, and he makes it in good faith, it is not perjury. He does not intend to mislead anyone. If, afterwards, he finds he was in error all he has to do when the case comes up for trial is to say, "Your lordship, I am very sorry but on my examination for discovery I made a mistake. I made this mistake in perfect good faith. The distance between the two automobiles was not, as I stated, 75 feet. On checking up on the matter I now find that the proper distance was 50 feet." Not having made the statement in the first place with the intent to mislead, and having corrected it on the first occasion on which he could do so then no one could possibly say that he was guilty under this section.

My hon. friend from Cape Breton South, who is not a lawyer, appears to understand this, but my lawyer friends apparently do not understand it. Before there can be an offence under this clause these conflicting statements have to be made for the purpose of misleading. If they are not made to mislead, and if the person who makes them believed he made them truthfully at the time that he made them and then corrects them as soon as possible, then he could not be guilty under this clause. He might have made that statement truthfully, as he thought, and then he might discover he was wrong when he comes under cross-examination by a skilful cross-examiner with an analytical mind. But that still does not make him guilty of perjury. He only has to say on the first possible occasion, "Well, my lord, I am very sorry but certain questions which the learned counsel has asked me have made me clear now in my own mind that the evidence I gave before is incorrect".

Mr. Diefenbaker: What would happen to his credibility?

Mr. Garson: His credibility for the purpose of that case would be zero, as it should be. I believe my hon. friend has the bias of a defence counsel on these matters, but what is the alternative? This man's credibility would be zero because it is by that means that injustices are avoided in court proceedings.

When my hon. friend said in his remarks that I had not been able to point to any injustices having arisen because of the passing of this section, I believe he was incorrect. *Hansard* will show what I did say. I said there are an increasing number of cases—and I think he agreed with me in this regard when he said that perjury was rampant in the courts—in which people come into the witness box and impudently state on one occasion that so and so was the case, and on another occasion in the same case state something entirely different. There cannot be a more aggravated form of perjury.

I know of one case in my own province where a man was up on a charge of murder. His life was at stake, and the case hinged largely upon the evidence of a woman who had told a certain story to the police.

Mr. Diefenbaker: Is that the Deacon case?

Mr. Garson: Yes. Perhaps my hon. friend knows the case.

Mr. Diefenbaker: It is reported.

Mr. Garson: Yes; it went to trial two or three times. But this one case hinged largely on the evidence of a woman and because it changed the taxpayers were put to all that expense, and the man was tried, I believe, three times before finally being acquitted. Now, is it not proper—

Mr. Diefenbaker: Is the minister referring to the Deacon case?

Mr. Garson: Yes.

Mr. Diefenbaker: He was executed.

Mr. Knowles: There is quite a difference there.

Mr. Garson: I stand corrected. My hon. friend is right, he was acquitted on two occasions and on the third trial there was a verdict of guilty and he was finally executed.

Mr. Diefenbaker: No; there was one disagreement and then a conviction, and then the case went through to the Supreme Court of Canada.

Mr. Garson: That is right. I hope *Hansard* has that correctly.

Mr. Knowles: Or you will be up for perjury.

Mr. Garson: That is the very point my hon. friend made in this case. No man or woman can be charged with perjury under this section unless the crown is able to prove that he or she made a statement with intent to mislead, and this myth about a man not having an opportunity to change his evidence is nothing but a myth. If a man, being convinced when he first gave it that evidence was true and having given it then in good faith, later finds he was in error concerning it there is nothing in the world to prevent him coming along and saying, "I am sorry. I was wrong in the first evidence I gave, and I find upon checking the matter that the real facts are as follows". If he states these real facts, then no question of criminal responsibility will arise.

With regard to the additional protection which is given by the fact that no proceedings can be instituted under this clause except by the attorney general, I must say I do not share the opinion which my hon. friend from Prince Albert has concerning the relationship between peace officers and attorneys general. I know all the provincial attorneys general of Canada, and I do not know of a single one who in a case of this kind would not go into the matter with great care before he gave permission for a prosecution to be launched. With this precaution, and with the safeguards which have been put into the clause as a result of the efforts of the special committee of the House of Commons last year, I believe this is a clause which deserves the full support of the committee.

Mr. MacInnis: I am quite willing to agree with the minister that the clause as it now stands is a great improvement on the clause of a similar nature which appeared in the bill we discussed last year. I mentioned this before, but I believe there has been a greater willingness on the part of the parliamentary committee and the minister not to take it for granted that the experts in the law who drafted various clauses have said the last word. That attitude was carried right through the whole deliberations of the committee. As a matter of fact, because of the minister's willingness to discuss, to accept and to agree, I think we obtained a much better bill, of which this section forms a part.

My main objection to this section was that a person is not prosecuted for telling the truth or an untruth, as is set out quite clearly in the act; he is prosecuted for saying one thing on one occasion and then saying the opposite thing on another. That provision is still here, although it is modified by the opinion of the judge or the presiding magistrate in the case and also by subclause 3 which was added by the committee. As I said before, I do not know enough about technical legal matters of this kind to express an opinion as to whether or not this section should stand, but I think it is a great improvement over the way in which it appeared when it came before the committee.

The Deputy Chairman: Shall the clause carry?

Mr. Fulton: No, Mr. Chairman. Will you put the question, please?

Clause agreed to: Yeas, 52; nays, 19.

On section 119—*Obstructing justice.*

Mr. Winch: The minister held clause 119 over. When it was up for consideration before I asked whether he could give the basis of interpretation or the definition of the term "the course of justice". As you will recall, Mr. Chairman, I asked that question because it may not be something opposed to the course of justice; it may be opposed to the course of statutory law. I have known several instances of that kind. The definition is therefore important.

Mr. Garson: If my hon. friend will go back to part III which deals with offences relating to the administration of law and justice, and in which is included this clause 119, he will see that it is quite a different part from the preceding part which has to do with offences against public order. If he looks at clause 69 (a) he will see that the act he was afraid might come under this clause now under discussion is an act which really is one against public order. So far as this clause is concerned, if he compared it with the section in the present code, he will see that the present code reads:

> Every one is guilty of an indictable offence and liable to two years' imprisonment who . . .

Then (a) is a duplicate of the present (a); (b) is a duplicate of the present (b); (c) is a duplicate of the present (c); and then (d) of existing code is:

> wilfully attempts in any other way to obstruct, pervert or defeat the course of justice.

He will see that that is the equivalent of subclause 1 of the present clause 119. In other words, the language is the same in both cases. In all the decided cases in the courts which are recorded in Tremeear, all have to do with court proceedings either existing or proposed. I think that is really the answer to my hon. friend's question. He said he was apprehensive lest a person who

remonstrated with an officer about to read the riot act would be interfering with the administration of justice. I think he clearly would not be.

Mr. Herridge: I do not want to question the clause, Mr. Chairman. I am just raising this matter under this clause because it deals with jurors. I have in my hand a pamphlet published by Robert H. Sloan, sheriff of the county of Carleton. Apparently this pamphlet is given to each person who is to act on a jury in this county. It deals with the functions of the jury, the grand jury, the petit jury, women jurors and hints to jurors. I think it is an excellent thing. I have never before seen anything like this pamphlet. I was wondering whether anything could be done to make this practice more general. Often people are chosen as jurors when they have little knowledge of their duties, functions and so on.

Mr. Garson: I am in complete agreement with my hon. friend. I think it is a wise move to get out pamphlets of this kind. It is with some embarrassment that I again raise the point that this pamphlet has to do with a provincial function, issued as it is by a provincial body. In a federal set-up such as that which we have in Canada, I have found that it is better not to interfere with the exercise of provincial jurisdiction. Most of the provincial authorities think they have the situation fairly well in hand without any suggestions from us.

Clause agreed to.

On clause 120—*Public mischief.*

Mr. Knowles: When we were discussing clause 120 some time ago, as the minister will recall, I said I felt there was a deficiency in it. As recorded in *Hansard* of February 12, page 2030, I suggested that an amendment might be made. For example, I suggested that subclause (c) might be made to read as follows:

> Every one who causes a peace officer to enter upon an investigation by wilfully
> (c) reporting that an offence has been committed when he knows that it has not been committed, is guilty of an indictable offence and liable to imprisonment . . .

I pointed out to the minister that in my view a similar change was necessary in subclause (b) as well. The minister agreed to look at the matter. I wonder what his view is now?

Mr. Garson: I think my hon. friend will recall that a considerable part of our previous discussion hinged around the question whether or not the use of the adverb "wilfully" would meet the various points my hon. friend raised with regard to this subclause.

[Mr. Garson.]

Mr. Knowles: That is right.

Mr. Garson: With a view to meeting that point I would propose that we might amend the clause to read as follows:

> Every one who, with intent to mislead, causes a peace officer to enter upon an investigation by
> (a) making a false statement . . .
> (b) doing anything . . .

And so on. The gravamen of the offence would then be what I think is obviously intended in the clause, that is, the intent to mislead a peace officer by doing these things. If that would meet my hon. friend's point I would be glad to have one of my colleagues move the amendment.

Mr. Winters: I move that clause 120 be amended as follows:

> Delete lines 36 and 37 on page 41 of Bill 7 and substitute therefor the following:
> "120. Every one who, with intent to mislead, causes a peace officer to enter upon an investigation by"

Mr. Knowles: I think that meets my point, Mr. Chairman.

Amendment agreed to.

Clause as amended agreed to.

On clause 164—*No apparent means of support.*

Mr. Fulton: When we were discussing this clause the last time there was considerable discussion regarding the question whether or not the words "of a loose, idle or disorderly character" should be carried over from the present code into the proposed new clause. Their application was argued, particularly with respect to subclause 1 (a) (i). We have had some discussion with the minister about it since, and I understand that he has an amendment. Perhaps he might care to indicate what it is.

Mr. Garson: The subcommittee consisting of the hon. member for Kamloops, the hon. member for Winnipeg North Centre, the hon. member for Red Deer and myself got together to see if a wording could be agreed upon in this connection that would meet the views of the four members of that committee, who would then recommend it to the members of the house. The suggestion is that paragraph (a) of clause 164 be deleted and the following substituted therefor:

> "(a) not having any apparent means of support is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found."

The whole of that part of the clause would then read:

> (1) Every one commits vagrancy who (a) not having any apparent means of support is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found.

Mr. Knowles: The amendment the minister is proposing meets the objection we raised when this clause was considered before. As I pointed out, what we objected to was a clause which seemed to say very baldly, "No money and no job; *ipso facto* you are a vagrant." The amendment which the minister now suggests—and I mention this so that *Hansard* will show its effect—would delete the words "lives without employment". The clause was offensive to us before, and I think offensive to a great many people, because a person who was without apparent means of support and without employment, or in other words unemployed, was declared by the clause to be a vagrant.

I want to express my thanks to the minister for having allowed this matter to stand so we could have this further consideration of it. I think he is probably aware of the fact that the publicity given to the discussions here resulted in a fair amount of editorial comment on the point, and I think this is one instance where the public good was served by letting the clause stand. If the minister is prepared to have one of his colleagues move the amendment he now suggests, we will be quite happy to accept it.

Mr. Prudham: I move that clause 164 be amended as follows:

Delete paragraph (a) of subclause (1) of clause 164 and substitute therefor the following:

"(a) not having any apparent means of support is found wandering abroad or trespassing and does not, when required, justify his presence in the place where he is found."

Amendment agreed to.

Clause as amended agreed to.

On clause 206—*Punishment for murder.*

Mr. Knowles: I wonder whether the request I made previously might be acceded to again. My suggestion is that until such time as we have concluded this discussion clause 206 and also clauses 642 to 653 be allowed to stand.

Mr. Garson: I agree.

The Deputy Chairman: Clause 206 and clauses 642 to 653 inclusive are to stand again.

Mr. Garson: Clause 641?

Mr. Knowles: I was going to mention 641 when we got to clause 289.

Clause 206 stands.

Clauses 642 to 653 inclusive stand.

On clause 221—*Criminal negligence in operation of motor vehicle.*

Mr. Fulton: When this clause was discussed earlier I had some objections, as in the case of clause 164, to the deletion of words from this clause which appeared to me to change the effect. At a subsequent meeting with the minister he indicated that he was prepared to meet the points raised in this case, as he did in connection with clause 164. I understand that the minister has an amendment and I would appreciate it if he would announce it and explain its purport.

Mr. Garson: My hon. friend is quite right. The amendment reads as follows:

Delete lines 1, 2 and 3 on page 75 of Bill 7 and substitute therefor the following:

"(2) Every one who, having the care, charge or control of a vehicle that is involved in an accident with a person, vehicle or horse in charge of a person, with intent to escape civil or criminal liability . . .

Mr. McCann: I so move.

Mr. Fulton: Far be it from me to look a gift horse in the mouth, and I do not wish to embarrass the minister, but am I not correct in my understanding that when we discussed this clause earlier the suggestion was that the clause should read "or cattle in charge of a person" on the ground that "cattle" includes horse? I think it was the hon. member for Red Deer who suggested that a person who runs into some cows in charge of a person should also be under some liability. I have no particular objection to the present form, but I think I should be fair to my colleagues who took part in the same discussion.

Mr. Shaw: It was my understanding, although I have no written evidence to support my view, that I did raise the point that "horse" meant horse and that "cattle" meant horses and other animals. I understand it was agreed that the word "cattle" would be used.

Mr. Garson: I have no preference one way or the other. It is most unlikely that this question will ever arise anyhow, but I think one factor we will have to keep in mind is that "cattle" is defined in clause 2, subclause 5 as follows:

"cattle" means neat cattle or an animal of the bovine species by whatever technical or familiar name it is known, and includes a horse, mule, ass, pig, sheep or goat;

Now, if my hon. friend would like to give it that wide definition by having the word "cattle" put in there, that is all right.

Mr. Shaw: When I suggested "cattle" I had that definition in mind, and my argument was that so far as I am concerned, if cattle means cows, in those cases where they were not in charge of an individual and were struck and left to suffer that would be just as serious as though they were horses.

Mr. Fulton: Perhaps my hon. friend had in mind ox-drawn vehicles.

The Deputy Chairman: Is it the unanimous agreement of the committee that the word "horse" be struck out and the word "cattle" substituted?

Mr. Cardiff: Do we not need the word "horse" left in there?

Mr. Garson: No; cattle includes horses.

Mr. Lusby: I did not just catch the amendment, Mr. Chairman. Would you mind repeating it?

The Deputy Chairman: The amended clause reads:

> Every one who, having the care, charge or control of a vehicle that is involved in an accident with a person, vehicle or cattle in charge of a person, with intent to escape civil or criminal liability . . .

Amendment agreed to.

Clause as amended agreed to.

On clause 289—*Punishment for robbery.*

Mr. Knowles: May I suggest that clauses 289 and 641 be allowed to stand.

The Deputy Chairman: Is it agreed that clause 289 shall stand?

Clause stands.

On clause 374—*Arson.*

Mr. Knowles: With respect to clause 374, Mr. Chairman, I asked the minister and the committee to let it stand the last time it was before us. Perhaps I might say a few words now to indicate why I made that request. As I pointed out to the minister, this was a matter which I had raised in the house on a number of occasions under another heading. The present Minister of Public Works will recall that when he was minister of resources and development he had some inquiries made in his department as to whether there had been any research into the extent to which tailor-made cigarettes are a fire hazard with respect to our forests. I have before me a memorandum which he had prepared in 1953 in connection with this question. I have quite a bit of other material as well.

The point I raise is whether it is not time something was done to cut down the number of fires that are caused by burning cigarettes. As the minister will recall, when I raised this the other day we both had in mind the incident in Winnipeg two or three days before, when a prominent citizen of our city lost his life in this manner. We all regard life as much more important than property, but it does come to my mind that over the week end there has been a statement from London to the effect that the fire which resulted in the loss of the Canadian Pacific liner *Empress of Canada*, which burned at her dock in the United Kingdom some time ago, may have been caused by a burning cigarette. We all agree that these tragic fires that cost a great deal in terms of property, and what is more significant take many lives in the course of a year, are something about which we should try to take preventive action.

The minister indicated the other day that perhaps this is a matter that calls for greater care on the part of the people who use cigarettes, and I fully agree. I suggested to him then that, just as in connection with driving a vehicle on the highway and its dangers we have to take steps to try to protect the public, even though it might hurt some people, so it is in this instance. I believe there is something that should be done by law. I was quite interested in certain views on this question in an editorial which appeared in the Ottawa *Citizen* of June 7, 1952, after one of the debates we had on this matter. If I may read just a bit, I should like to point out that it arrives at the very point that is my reason for raising this question under the heading of "arson".

This editorial says:

> The proposition that cigarettes can be made less inflammable is generally accepted. Tests made several years ago in the California fire marshals' laboratory showed that paper in each of 55 different kinds of American cigarettes was treated with precipitate chalk to make it more porous, hence quicker-burning. Applying sodium-silicate bands of only one-eighth inch at intervals inside the paper, the researchers in the California lab produced a cigarette that would go out almost as soon as it was discarded. The United States bureau of standards also used sodium-silicate to coat the butt end of cigarettes and so seal the pores of the paper. The bureau discovered, too, that cigarettes tipped at the butt end with cardboard, cork or a filter to the length of at least an inch, seldom started a fire.
>
> The likelihood of cigarette manufacturers making use of these discoveries is slight. After all, the faster cigarettes burn, the more are sold. And the public has never protested against the quick-burning product.
>
> If cigarettes are to be made safer, clearly parliament must take the first step, as it did in the case of matches.

I recognize the point the minister made the other day, namely that manufacturers of cigarettes are interested in producing the kind of product that is most wanted by the public, and they would not regard it as a saleable product if it went out too easily when it was being smoked. I confess that I happen to be a non-user of these things, and I would not want to be regarded as advocating something in the nature of a blue law. But I may say that some of those who have supported me in raising this matter from time to time in the house are themselves users of cigarettes, and other members of the house who are users of them have backed me in this effort.

As I say, the paragraph I have just read from the editorial which appeared in the Ottawa *Citizen* in 1952 does indicate my view that it is possible to manufacture the kind of cigarette that would burn as long as it was being smoked just as readily as those now on the market, but which would go out if laid down for any length of time at all. It is still true it would cost the cigarette manufacturers a great deal more to manufacture that kind of cigarette, speaking of the tailor-made variety, than the kind of cigarette manufactured now. My submission is that in view of the tremendous loss of life and property that does arise from fires caused by burning cigarettes, a reform of this kind is long overdue.

I want to say that I think truer words were never written than those in the *Citizen* editorial when this suggestion was made:

> If cigarettes are to me made safer, clearly parliament must take the first step, as it did in the case of matches.

I should like to point out also that, without commenting too much on many of the items I have before me, the fire marshals in Canada have been quite concerned about this matter. I have before me the resolution which was passed at the annual conference of the dominion association of fire chiefs in 1950. It is a lengthy resolution, and I shall not read it all. This is the paragraph that bears on this question:

> That we urge the dominion government to prohibit the manufacture of tailor-made or manufactured cigarettes which contain in the paper or tobacco, saltpetre or other ingredients which increase the burning.

That, by the way, is in a resolution over the signature of Allan H. Clark, secretary-treasurer of the dominion association of fire chiefs.

I must say that because I have raised this matter in the house on a number of times I have been the recipient of letters from the tobacco people. They always have an answer. For example, they point out to me that some of these chemicals which it is alleged are in the paper with which cigarettes are made are not there so far as their cigarettes are concerned. I submit that the dominion association of fire chiefs might have attacked the problem not knowing just what would be the best way to deal with it; but in my view it is no answer to their resolution for tobacco companies to say there is no saltpetre in the cigarettes that they manufacture. After it has been demonstrated by research in the California fire marshals' laboratory and in other places that there are things that can be done, such as including those bands every so often in the cigarette paper, I suggest that the sooner we come to something like that the better.

The possibility that the tobacco people will do anything of this nature on their own, let us admit, is very slim. They are in the business to make what they can out of it, although they do spend some money in the kind of advertising that encourages people to be careful with their cigarettes. They urge people to put out fires and so on. In my view we should take action to prevent fires, and there has not been a great deal of interest shown by them in this phase of the matter. As a matter of fact, an official of the federal government to whom I wrote about this question some years ago replied to my letter in such a way as to indicate that he thought I had something, but he felt obliged to tell me this:

> The national board of fire underwriters of New York, and similar organizations have, to my knowledge, been making representations along these lines in the United States for upwards of 25 years. To date they have accomplished exactly nothing.

That should not dissuade one from continuing the effort if the need is there. I submit with all the strength I can that in view of the tremendous number of fires which take place from this cause, with the loss of human life and property, common sense and a sense of responsibility demand that we do something about this matter.

As I say, I was able to enlist the interest of the Minister of Public Works in the days when he was minister of resources and development. Perhaps I did not get further than obtaining his interest. In any event, he gave me a very interesting memorandum, but I feel that this is something on which there should be a law. That was my reason for asking the matter to stand over. I appreciate the fact that the Minister of Justice agreed not only to let it stand but expressed considerable sympathy with my point of view. I wonder whether in the meantime he has had a chance to give any thought to it, and whether he sees the possibility of enacting a law that might take care of the situation.

Before I take my seat I might point out that another issue has been before the public recently in regard to cigarettes, namely the question of lung cancer. The Minister of National Health and Welfare was able to announce a few days ago that the tobacco industry of Canada has agreed to make a contribution of $100,000 toward research into that question. I have no doubt that this contribution will be allowed as a deductible

item in relation to income tax, so a great deal of it will in effect be paid by the public treasury.

The Deputy Chairman: Order. I am not ruling anybody out of order at the moment; I am just drawing to the attention of the hon. member who has the floor the fact that the clause we are discussing deals with arson, that is, the wilful setting of fires. I know the heading of the section is, "Arson and other fires". Having that in view I have not interrupted the hon. gentleman while speaking of cigarettes in so far as they do cause fires. I think it was understood when the section was allowed to stand that this subject might be discussed, but I ask the hon. member not to take the cigarette discussion too far afield, because other hon. members may also have other aspects of cigarette smoking in mind, and if they discussed them all we would never get back to the Criminal Code.

Mr. Knowles: Your point, Mr. Chairman, in my view is well taken. I think you will recall that when this question came up the last time I suggested that all the clauses under the heading of arson might stand, but I agreed that one would be enough for the purpose of this discussion. Also, my reference to this other matter was merely for the purpose of suggesting that if the cigarette people have been persuaded to put up some money for research into that other question, which I shall not mention again at this time, I would hope that if necessary they could be persuaded to put up some money for research into this question of some really effective way in which to minimize the loss of life and property from fires started by cigarettes. Perhaps the minister will tell us the result of his thinking on this important question.

Mr. Garson: The point my hon. friend now raises is one not without embarrassment for me, because I understood when the section was stood over that my hon. friend was going to send me a memorandum. The following is credited to my hon. friend, at page 2514 of *Hansard*:

> I wonder if the minister would be willing to allow one of his clauses—any one under the heading of arson or fires—to stand, and I will submit to him for his own perusal some memoranda and other material I have on this question.

I have been rather busy lately. In the debate on this bill there were a number of other undertakings I gave where it was I who had to do something. In this particular one I was waiting for my hon. friend to send me his memoranda. I would be glad, as I said before, to give his memoranda careful consideration. But I suggest that it would hardly be necessary to have this clause or any of the other clauses dealing with arson or fires stand. I believe that if any amendments were required they would not take the form of amendments to these clauses we have been discussing. In fact I question very much whether they would come under the Criminal Code at all.

My suggestion to my hon. friend would be that he send me the memoranda he mentioned, and that we go on from there and consider it perhaps in another annual amendment.

Mr. Knowles: I am quite agreeable. I apologize to the minister for not having got that memorandum to him yet. Like the minister, some of the rest of us are rather busy, too. May I also make it clear that I am not against this clause. I am quite prepared to let this clause pass on the understanding that this matter can be pursued. As a matter of fact, having sent the memorandum to the minister, which I shall do in the next few days, I may raise the matter when we get to the minister's estimates. My hope is that in the meantime he will give this serious question the serious thought that I am sure he agrees it deserves.

Clause agreed to.

Clause 389 agreed to.

On clause 413—*Superior court of criminal jurisdiction.*

Mr. Garson: I think this is a case where there was a typographical error. The clause is self-explanatory once that typographical error is cured. I would therefore suggest that the word "officer" in line five be deleted and the word "offence" substituted therefor.

Mr. Sinclair: I move accordingly.

Amendment agreed to.

Clause as amended agreed to.

On clause 417—*Trial without jury in Alberta.*

Mr. Fulton: I asked that this clause stand, as I thought it might be appropriate to draw attention to the fact that notwithstanding the efforts made to bring about complete uniformity as among the provinces in respect to the administration of criminal law, in Alberta it is provided by clause 417 that an accused charged with an indictable offence may with his consent be tried by a judge of the superior court without a jury. There is a further difference provided by a later section that in Alberta juries are still composed of six men.

The minister has explained that it is the desire of Alberta to continue in those two respects in which they are different from the other provinces. I suppose that if the law officers of Alberta wish that difference to be

continued we cannot very well say that we know better than they what is good for their province.

I would hope that before too long it will be possible for them to give further consideration to accepting a change. I would point out that at the present time if I were driving through Alberta and was alleged to have committed an offence under the code, I would be tried by a jury of six men rather than a jury of twelve. I would prefer to be tried by a jury of twelve men. I suppose it might be said that would be my fault for having gotten into trouble in Alberta. I make that comment in order to bring this matter to the attention of the committee for what it is worth, and would hope that eventually we may achieve uniformity as among all the provinces in this country.

Clause agreed to.

On clause 432—*Detention of things seized.*

Mr. Garson: When this clause was being debated before certain observations were made, to meet which we have redrafted the clause. I suggest the following change:

That paragraphs (a) and (b) of subclause (3) of clause 432 be deleted and the following substituted therefor:

"(a) if possession of it by the person from whom it was seized is lawful, order it to be returned to that person, or

(b) if possession of it by the person from whom it was seized is unlawful,

(i) order it to be returned to the lawful owner or to the peron who is entitled to possession of it, or

(ii) order it to be forfeited or otherwise dealt with in accordance with law, where the lawful owner or the person who is entitled to possession of it is not known."

And also:

That clause 432 be amended by adding thereto, immediately after subclause (6), the following subclause:

"(7) A person who considers himself aggrieved by an order made under subsection (3) may appeal from the order to the appeal court, as defined in section 719, and for the purposes of the appeal the provisions of sections 721 to 732 apply, *mutatis mutandis.*"

Mr. Fulton: I thank the minister for going as far as he has gone, although this amendment does not go as far as I should have liked in that it still does not indicate by what process justice is to be satisfied as to the ownership of the article in question. I would have preferred an amendment which made it clear that the process of satisfaction was to be carried out, but since it is provided by the second amendment that a person aggrieved by an order made has the right of appeal I shall be content with the amendment as it stands.

Amendments agreed to.

Clause as amended agreed to.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Clause 446 agreed to.

On clause 467—*Absolute jurisdiction.*

Mr. Knowles: Mr. Chairman, I believe I asked that this clause be allowed to stand. We did not have very much discussion on it when it was last before the committee, but I believe the effect of the change is that from now on a person cannot claim a jury trial in connection with a theft unless the value of the article alleged to have been stolen is in excess of $50. Previously a person could claim a jury trial if the value of the article was in excess of $25.

I realize this change is being made because of the inflation we have had under the present government, but I would ask the minister whether this matter was discussed at any length before the committee. As a layman it seems to me that even though there has been inflation the purpose of that cut-off point was to prevent the summoning of a jury on a trivial case. I wonder if these cases are trivial in all instances where the value of the article is in excess of $25 but not up to the value of $50?

Mr. Garson: Mr. Chairman, for a great many years now the limit has been $25. The limit in 1892 was $10, and I suppose the best test of the fixing of a limit of this sort is in relation to the purchasing value of the dollar. If all the statements we have heard from time to time from members of the opposition are to be taken seriously I am surprised it was not proposed to raise this limit beyond $50—

Mr. Fleming: I am glad to see the government is taking them seriously.

Mr. Garson: —because the article which would be worth $25 when the previous limit was applicable would certainly be worth $50 now. I went into that at great length when the clause dealing with the jurisdiction of magistrates to try indictable offences was before the committee last week.

Clause agreed to.

Clauses 468 and 499 agreed to.

Criminal Code

On clause 557—*Accused to be present.*

Mr. Knowles: Mr. Chairman, has the minister given any further thought to the point raised in connection with clause 557 when it was last before the committee? I believe the point was put to the minister in the form of a question. If an accused individual is required to be in court during the whole of his trial, why should not an accused corporation, through its agent or counsel, be required to be present throughout the whole of the corporation's trial?

Mr. Garson: If my hon. friend will look at clauses 528 to 531, which spell out in considerable detail the manner in which the accused corporation is brought before the court for trial, I believe he will see a full answer to his question.

Mr. Knowles: Is an accused corporation under these other sections required to be present throughout its trial in the same way an individual is required to be present under clause 557?

Mr. Garson: Actually they cannot be present in the same sense because an accused corporation, not being an individual human being, cannot be present by itself. It can only be present through its counsel or agent. If my hon. friend will look at sections 528 to 531 he will see that they spell out the manner in which the accused corporation will appear and plead through its agent or counsel.

Clause agreed to.

On clause 637—*Binding over person convicted.*

Mr. Knowles: Mr. Chairman, before we go on to the next clause I would like to ask the minister whether he took another look at clause 637. It was allowed to pass the last time it was before the committee but the minister agreed he would take another look at it, having in mind the point which I raised at that time.

Mr. Garson: I believe my hon. friend is referring to clause 637 (3), and as I recall his argument he stated that in these cases where a citizen had been ordered to enter into a recognizance to keep the peace and was in default, and because of such default had been committed to prison, the former provision required the jailer or sheriff to advise the judge that the citizen was there. My hon. friend thought that was a better method of protecting a man who was in custody than the method which is now suggested.

We have looked at that since my hon. friend raised the point, and we think the method outlined in clause 637 (3) is a much better method because this clause specifically spells out that the man in custody has the right to appear before the judge. The clause states:

(3) Where a person who has been ordered to enter into a recognizance under subsection (1) has remained in prison for two weeks because of his default, he may apply to a judge for review of the order of committal.

Under the old provision the jailer or the sheriff made this return to the judge, but whether the judge acted on it was another question. Under this present clause a man in custody can himself initiate and carry on the proceedings, and his right to do so is clearly stated.

Mr. Knowles: I realize that a prisoner's right is spelled out more clearly in this clause than it was in section 1059 of the original code, but I would like the minister to address himself to this question. What happens if a man does not know he has that right, and is allowed to remain in a cell for a period beyond the two weeks specified?

Mr. Garson: I covered that in my remarks on a previous occasion by stating it was incredible to me that with the type of prison wardens we have nowadays, this fact would not be brought to the attention of the accused. But in any case, whether it is brought to the attention of the accused is, I suggest, a matter for the management of the provincial jail in which he is lodged, for he would not be sent to a penitentiary. I do not think it is at all proper that the Criminal Code should spell out every last item of administration and procedure in a provincial jail. If there were any question about this matter it is one we could raise with the provincial attorneys general. We have certainly never received any complaints from them concerning these sections of the code.

Mr. Winch: Why should a man stay in jail for two weeks before he can make application to a judge?

Mr. Garson: Because in the first place—and if my hon. friend has read the section he will see this—the man is there because he has been ordered by the court to enter into a recognizance and has defaulted in so doing. He is only in prison in the first place because he has defaulted. He continues to stay in prison only because he continues to default. It is only where there are some special circumstances which excuse his continued default that he has any hope in making this application. If he wants to remedy the default he can get out in 24 hours. It is not like being in prison for an offence. He is in prison because he has defaulted in entering into a recognizance.

The Chairman: Clause 637 was carried previously. We now turn to clause 641.

Mr. Fulton: Provided that no one feels very strongly against it, Mr. Chairman, I am going to ask that the committee permit a reversion to clauses 467 and 468. The elevators in this building are not always quite as prompt as they might be. Neither I nor my colleague the hon. member for London was able to get down here before those two sections were carried.

Mr. Knowles: Does the hon. member mean that I did not talk long enough?

Mr. Fulton: I do not wish to press the matter, but those sections were allowed to stand at our request, and I should like permission to revert to them.

Mr. Garson: That is quite all right, Mr. Chairman. If there is any wisdom floating around we want to have the benefit of it.

The Chairman: Has the hon. gentleman leave to revert to clauses 467 and 468?

Some hon. Members: Agreed.

Mr. Fulton: I appreciate the generosity of the committee, and I shall not detain it long. My friend the hon. member for London has been making a study of those particulars in which the absolute jurisdiction of magistrates under those two sections exceeds the jurisdiction of magistrates under the old code. To the extent that the absolute jurisdiction of magistrates has been enlarged, it is a whittling down of the rights of an accused. It is that point—and I think that point alone —to which we take objection.

We start with the fact that under clause 467 the jurisdiction of a magistrate to try an accused is absolute and does not depend upon the consent of the accused where the accused is charged with theft and where the property is alleged to be of less than $50 in value. Previously the magistrate had no absolute jurisdiction to try—

Mr. Garson: I rise on a question of privilege. I wonder whether I might interrupt the hon. gentleman long enough to say that in his absence this same argument he is now presenting was presented very effectively by the hon. member for Winnipeg North Centre.

Mr. Knowles: But not effectively enough to persuade the minister.

Mr. Fulton: I shall pass over that matter fairly rapidly, then, and will do no more than to point out that it is a doubling of the jurisdiction on grounds that do not seem to be thoroughly explained or established. Having abolished the former restriction whereby magistrates did not have absolute jurisdiction unless they were properly qualified and serving in cities of 25,000 and over, the act has, it is true, provided now in the definition section, namely section 466—or has attempted to do so—that the province will appoint only qualified magistrates.

I can see the desire of the minister and the government to ensure that all magistrates shall be properly qualified so they will be qualified to exercise their jurisdiction. But the fact is that the mere passage of this new Criminal Code will not ensure that all magistrates are properly qualified lawyers. Particularly in cities of less than 25,000 where they are now serving, where magistrates have been appointed who are not lawyers their appointments are not going to be changed just because this bill passes. Yet under the bill the absolute jurisdiction of the magistrates is automatically enlarged in the particulars which will be developed in a moment by my friend the hon. member for London. Hence you are going to have a number of complicated and technical cases which were formerly triable by the magistrate only with the consent of the accused but in which the accused now has no election as to whether he shall be tried by a magistrate or by a judge with a jury.

The situation represents a definite abridgement of the rights of an accused. I should think it would have been possible to put in the bill some provision that when the magistrate who would otherwise have jurisdiction to try the case is qualified as a barrister, then his jurisdiction shall be absolute but that in the absence of a magistrate who is qualified as a lawyer the election of the accused might remain.

Mr. Garson: While I share with my friend the hon. member for Kamloops the distinction of being a member of the legal profession, I am afraid I differ from his view that it is only magistrates who are members of the legal profession who are good magistrates.

Mr. Fulton: I never said that.

Mr. Garson: I happen to know some very good magistrates indeed who obtained their training in a practical way. But be that as it may, one of the difficulties in a divided jurisdiction such as that which we have in this country, and one which we simply cannot get over by any provisions in the Criminal Code, is that we cannot in the Criminal Code tell the provincial authorities whom they should appoint as magistrates. In the Criminal Code we can specify that the magistrates are to be specially qualified to deal with cases which arise under this part

of the code. But beyond that, the person a provincial government appoints as a magistrate is the province's own business.

In approaching our responsibilities in this parliament I do not think we have the right to assume that the provincial governments are going to do these things badly. We must assume and do assume that they will use reasonable judgment. My experience has been—and I am sure my friend the hon. member for Kamloops will agree with this statement—that the appointment of magistrates has improved greatly indeed over the last 15 or 20 years. As to the magistrates in my province who exercise this jurisdiction, I would have the utmost confidence in them without exception. They are highly capable and competent people.

I do not know of any province in Canada where it could be said that there are incompetent magistrates exercising jurisdiction under this part. There may be the odd police magistrate in outlying sections of the province who does not have authority to deal with cases under this part, but I would not want to take, or even to share with my hon. friend from Kamloops the responsibility of alleging that there are magistrates exercising jurisdiction under this part who are unqualified and incompetent.

Mr. Fulton: I am not going to deal at any length with what the minister has said. As I indicated earlier, my colleague the hon. member for London has some remarks to make.

I want to take issue at once with what the minister said when he suggested it was implicit in my remarks that I felt that no magistrate who was not a qualified lawyer was a good magistrate. That was far from my suggestion. But I did suggest that until magistrates become qualified in the law as a matter of course, there is no justification for increasing their jurisdiction without the consent of the accused. After all, even a very good, conscientious and commonsensical man can become completely at sea when charged with the responsibility of administering the criminal law. Common sense does not always qualify a man in this respect, and it can work adversely the other way.

I think I can illustrate that point best, if I may, by telling a story of a magistrate —this was the application of common sense— who was appointed in one of the remote areas of British Columbia. One of the first cases he had before him was an infraction of the game act. The accused was represented by counsel.

Mr. Garson: I wanted to ask my hon. friend if the magistrate he is talking about is one who was appointed as being specially authorized within the meaning of this section, because if he was not his story will not prove anything.

Mr. Fulton: He was the magistrate who exercised all jurisdiction in the particular area where he had been appointed.

Mr. Garson: But was it under this part of the code?

Mr. Fulton: This is a new part of the code. Of course the definition section, subsection (b), provides the definition of "magistrate", but that is a new definition and provinces, where they do not have available persons with legal qualification, are obviously going to continue in office, with the jurisdiction conferred under part XVI, persons who are exercising the functions of magistrates in these districts at the present time, whether or not they happen to be qualified lawyers. As I say, the application of common sense does not always produce a result consonant with the interests of justice, whether that interest be from the point of view of the prosecution or the defence. That is illustrated in the case of this magistrate.

After the police officer, who was conducting the prosecution, had concluded the crown's case, defence counsel moved for dismissal on the grounds of lack of evidence, lack of a prima facie case. The magistrate said, "Well, this is a democracy. I have a motion before me. The motion is that the charge be dismissed. I am bound to put the motion. Those in favour will please vote yea." The poor unfortunate police officer had his mouth open rather wide. Counsel for the accused of course voted in favour of dismissal. The magistrate said: "Those opposed will vote nay." The police officer said "Nay". The magistrate said, "This is a democracy and we have to give the benefit of the doubt to the accused. Therefore I vote with the yeas and the case is dismissed."

That was the exercise of common sense, but it did not produce a result necessarily consonant with the justice of the case. That is why I say, without in any sense attacking those magistrates who are conscientiously trying to do their best in spite of their lack of qualifications, that it seems to me that before enlarging their automatic jurisdiction we should take greater care to ensure that properly qualified magistrates are going to be exercising that jurisdiction.

Mr. Knowles: Call in the members.

Mr. Winch: I have tried to follow very closely the arguments and presentations of learned counsel in the discussion of Bill No. 7, but as a layman I find myself up against a problem in understanding certain clauses.

I think I can raise what I have in mind under the clause now under discussion which when passed, amended or otherwise, will become the criminal law of Canada.

The sentencing of accused people is divided between various types of judges, one of which is magistrates, who are dealt with in the part of the code now under discussion. I know one is not supposed to get advice from the crown, but I also know it would help me, and I think it might help others if, through you, Mr. Chairman, I might ask the Minister of Justice this question. As Bill No. 7 will become the Criminal Code, and as sentencing will be done by magistrates and judges all the way up to the highest courts, does it follow automatically or by law that anyone charged under the Criminal Code has the right from the very beginning to ask for trial by jury?

Mr. Garson: In order to answer my hon. friend's question he would have to say first of all whether the offence with which the accused was charged was a summary conviction offence or an indictable offence. Summary conviction offences are the less serious ones. I understand that my hon. friend is not talking about them.

Mr. Winch: No.

Mr. Garson: I understand he is talking about indictable offences.

Mr. Winch: With which magistrates can deal under this section.

Mr. Garson: Yes; that is right. If the hon. member will look at clause 413 I think he will see the answer to his question in subclauses 1 and 2. Subclause 1 reads:

> Every superior court of criminal jurisdiction has jurisdiction to try any indictable offence.

The superior court of criminal jurisdiction named there is a judge of a superior court sitting with a jury. Therefore with regard to all indictable offences the accused has the right to be tried by a jury. That is the first point. There is one exception to this to which I shall refer later. With respect to a court of criminal jurisdiction, clause 413 (2) states:

> Every court of criminal jurisdiction has jurisdiction to try an indictable offence other than . . .

Then my hon. friend will see that a number of offences are cited. The easiest way to find out what they are is to look at the side-notes—treason, murder, and so on. What does that mean? It means that with regard to these indictable offences that are named in the second subclause 413 (2), the accused not only has to be tried by a judge and jury, that is, a superior court of criminal jurisdiction, but he cannot be tried without a jury. Even if he or his counsel would prefer trial by a court without a jury, he has no right to elect that. With regard to all indictable offences other than those stated in clause 413 (2) and those over which magistrates have absolute jurisdiction, he can elect to be tried by a judge and jury on the one hand, or by a judge or magistrate alone on the other.

When we come to the trial by magistrates of certain offences which are otherwise indictable, we find a very limited number of cases in which the magistrate has absolute jurisdiction over the accused. That is covered on page 161 of the bill, under the heading "Absolute jurisdiction". It is covered in clause 467.

With regard to the remainder of the indictable offences, the accused can elect to be tried by the magistrate before whom he comes in the first place, or he can elect a preliminary investigation and later on elect to be tried by a jury or elect to take a speedy trial before a court of criminal jurisdiction. I think that covers the whole field fairly well.

Mr. Mitchell (London): May I make one further remark about clause 467. Our objection to this clause is that while we have been having a great deal of difficulty in this house, both lay and so-called legally trained persons, in trying to understand the code, and we admit that untrained magistrates are going to face that same problem, at the same time we are extending the jurisdiction which those, if I may use the word, untrained magistrates are going to have in one respect. I refer to lotteries. This offence may be dealt with by the magistrate without consent, and the same provision is made for cheating under clause 181.

I suggest that before we extend that jurisdiction we must satisfy ourselves that it is being properly handled by the lay magistrates. I suggest to the minister that an examination of cases appealed will indicate that the great majority come from those who are doing the best that they can, and have done a miraculous job in many parts of the dominion, but who have not the training necessary.

Mr. Garson: With all deference to the hon. member for London, Mr. Chairman, and the hon. member for Kamloops, I cannot help

but think they have a complete misapprehension as to the meaning of clause 466 (b), which says:

"magistrate"—

That is a magistrate under this part.

—means

(i) a person—

Now I ask the hon. member to watch this language carefully.

—appointed under the law of a province, by whatever title he may be designated, who is specially authorized by the terms of his appointment to exercise the jurisdiction conferred upon a magistrate by this part, but does not include two or more justices of the peace sitting together . . .

In other words, what is contemplated by "magistrate" under this part is not the type of chap in a district such as my hon. friend spoke about, who calls for the yeas and nays. I cannot think of any magistrate who would do that. I cannot help but think it is nothing but an example picked up from some book of jokes.

Mr. Fulton: No, it is not.

Mr. Garson: I do not know what province my hon. friend is speaking about. I must say that if that is the way things are handled, they must be at least 25 years behind Manitoba, because since that far back we have had competent magistrates exercising this type of jurisdiction. It is the same type of jurisdiction that is exercised by magistrates in the cities of Ottawa, Winnipeg, Brandon, and so on. They are trained men with long years of experience, and they will not experience one-quarter of the difficulty in understanding this that some of my hon. friends across the way seem to experience.

Mr. Fulton: They will not have had the benefit of the minister's explanation, so they might be able to appreciate it a little more easily.

Mr. Winch: I wanted to ask one more question. If it is an indictable offence that can be handled by the magistrate, is the accused automatically informed that he can elect to be tried by a jury?

Mr. Garson: In those cases set out in clause 467 over which the magistrate's jurisdiction is absolute, he is not so advised. In those cases where the magistrate can only try him by consent, he is so advised. My hon. friend will find the formula at the bottom of page 162, in these terms. We tried, in this construction, to use language that was plain and simple and that anyone could understand.

This is what the magistrate says to the accused:

You have the option to elect to be tried by a magistrate without a jury; or you may elect to be tried by a judge without a jury; or you may elect to be tried by a court composed of a judge and jury. How do you elect to be tried?

I do not think the issue could be put more clearly to the accused.

Mr. Winch: That is the very point that had me a little mixed up. In subclause 3 of clause 468, it says:

Where an accused does not elect to be tried by a magistrate, the magistrate shall hold a preliminary inquiry in accordance with part XV, and if the accused is committed for trial or, in the case of a corporation is ordered to stand trial, the magistrate shall—

That was rather confusing to me. As I read it, and if I am wrong I know the minister will correct me, the accused has to decide that he wants to be tried by a jury before the magistrate decides whether or not he shall go on for trial to a higher court.

Mr. Garson: I wonder if I could put it in these terms? Let us assume the accused is arraigned upon a charge which the magistrate would have jurisdiction to try provided the accused consented to be tried by him. Before the case could go on any further the first point that would have to be cleared up would be whether the accused wanted to be tried by the magistrate right then. The magistrate puts these questions to him: "How do you want to be tried? Do you want to be tried by me or by a judge without a jury or by a judge with a jury?"

Mr. Knowles: Supposing he moves an amendment?

Mr. Garson: The accused makes up his mind then, or usually his counsel has advised him and makes up his mind for him. If he wants to be tried by a magistrate he says, "Well, I will be tried now." The trial before the magistrate then takes place. The crown puts in its case, the accused puts in his defence, and they finish the case then and there.

But if the accused, when he is asked a question like that, does not happen to be represented by counsel he may be puzzled and not know what to answer, and may think the best thing is to say nothing. In that case, as the section indicates, the magistrate then proceeds to hold a preliminary hearing. Later the accused can be tried either by a judge without a jury or by a judge with a jury. When that time comes the accused not only has the right to make his choice between those two alternatives, but in this new code we have provided that after he has made one of these choices he may change his mind again and still choose the other one. It cannot be said that the accused is in any way lacking in choice as to the manner in which he wishes to be tried.

Mr. Fulton: Am I not right in suggesting to the minister that the absolute jurisdiction of the magistrate to try a charge of conducting a lottery is an extension of the jurisdiction over that contained in the present code?

Mr. Garson: Yes. I dealt with that at some length last week. I pointed out that Bill No. 7 does give the magistrate jurisdiction in lottery cases. It was considered that was warranted because the magistrates already have jurisdiction over gaming and betting houses, bookmaking and pool-selling; and if they had jurisdiction over those it was not much of an extension to apply it to lotteries.

The Chairman: Shall we now proceed with clause 641?

Mr. Knowles: I believe when we were on clause 289 this afternoon it was agreed to let clause 641 stand along with clause 289.

Mr. Garson: Yes.

Mr. Winch: Otherwise I want to speak on it.

Mr. Garson: No, it stands.

The Chairman: Clause 641 stands. We shall now call clauses 642 to 653.

Mr. Knowles: These stood this afternoon as well.

The Chairman: Clauses 642 to 653 inclusive are to stand.

On clause 661—*Evidence.*

Mr. Fulton: I believe there was some discussion on this last Thursday. Did the minister indicate at that time that this subject matter would also be included in the reference to the royal commission on the law with respect to insanity?

Mr. Garson: I am sorry I did not hear my hon. friend's question.

Mr. Fulton: It was my impression last Thursday when clause 661 was under discussion that the minister agreed he would refer the subject matter of criminal sexual psychopaths to the royal commission.

Mr. Garson: Yes, that is quite right. I believe my hon. friend was absent when I stated that I had discussed this subject with Chief Justice McRuer, who is chairman of the royal commission investigating the subject matter of insanity as a defence to a charge of criminal liability. The chief justice was of the view, with which we agreed, that it would be unwise to intermix consideration of criminal sexual psychopaths with that other subject matter. He agreed however to become the chairman of a smaller commission which would deal with the subject of criminal sexual psychopaths and bring in a report upon it.

Mr. Fulton: Was this clause not allowed to stand for the purpose of getting a report from the minister on the terms of the reference to that smaller commission, or is it considered not necessary to define those terms?

Mr. Garson: Yes, probably it could be said that was the reason. I took objection to having it stand. As a matter of fact I should have had the terms of reference settled before, but I have not found the time to consider them. I have no objection to standing this clause, and the next time we come to it I hope to have the terms of reference settled.

The Chairman: Clause stands.

On clause 694—*General penalty.*

Mr. Knowles: This is the clause on which we had considerable discussion last Thursday. It is also the clause with respect to which the hon. member for Oxford moved an amendment to subclause 3. Generally speaking, this is the clause under which we had the discussion about the way in which persons are, in some cases, as we see it, made to go to jail for debt, namely a debt to the crown with respect to a fine. I have looked very closely at the amendment moved by the hon. member for Oxford, which appears at pages 2908 and 2909 of *Hansard* of March 11, and I am reminded of something my colleague the hon. member for Vancouver-Kingsway said this afternoon. The Minister of Justice was prepared to accept the amendment moved by the hon. member for Oxford without a moment's hesitation.

The Chairman: Order. In order that there may be no misunderstanding, the Chair has no record of any amendment having been sent in.

Mr. Garson: It was a suggestion which the hon. member for Oxford put on *Hansard* of an amendment that he favoured.

Mr. Knowles: Perhaps I might make the point clear, Mr. Chairman, by reading a few lines from *Hansard* at pages 2908 and 2909. The hon. member for Oxford said:

> I was wondering if the minister would care to comment on the suggestion I should like to make with regard to subclause 3. The whole discussion might be obviated if subclause 3 were amended somewhat along the following lines:
>
> "A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or if the accused

is unable to pay forthwith, at such time and on such terms as may be fixed by the summary conviction court."

Obviously, by referring to the terms of subclause 3 of the bill that is before us, the amendment suggested by the hon. member for Oxford involves writing in the words, "or if the accused is unable to pay forthwith, at such time and on such terms", and so on. As I was saying, Mr. Chairman—and you are perfectly correct that the amendment was not moved; it was merely put forward as an idea—the Minister of Justice without a moment's hesitation said, "I would be quite willing to accept that suggestion." That does not mean there is necessarily anything wrong with the suggestion; but I have come to the view myself that the suggestion does not amount to very much, and that is probably the reason the minister was prepared to accept it. I am prepared to vote for it, but I do not think it accomplishes the purpose that was being pressed from this side of the house in the debate last Thursday.

The minister says it would make very little difference to the practice that is now in vogue, as it is already possible for a court to fix a later day for the payment of a fine. All this suggested amendment does is provide for an instalment basis. The real nub of clause 694, as I see it, is in the first two subclauses, particularly in subclause 2 which almost makes it mandatory for a convicted person, not being able to pay the fine, to be sent to jail for a period of not more than six months.

I realize that there was quite a bit of discussion on this matter on Thursday; I realize that from this side of the house we did not make too much of an impression upon the mind of the Minister of Justice. But it does seem to me that the matter calls for further consideration, and that the proposal of the hon. member for Oxford, to which I take no exception, does not meet the point.

Has the minister given any further consideration to the larger point in the meantime?

Mr. Garson: Yes, I have, and this is not the first time I have given it consideration. I tried to be as clear as I could the other day in saying that we in this parliament are confined to the enactment of the criminal law. We can empower, as we did many years ago, magistrates to give time for the payment of fines; but we have no authority over the enforcement of the criminal law. Whether the magistrates in Canada will exercise the powers we confer on them by this particular clause we are discussing is a question over which we have no authority.

I was most frank with the members of the committee the other day in explaining what seemed to me to be the reason clauses of this sort were invoked to a much greater extent in Great Britain than they are in Canada. To me it is perfectly clear that one of the main reasons for this is that the United Kingdom has a very extensive and thorough-going system of probation, with probation officers in the large numbers that are necessary to supervise the granting of time for the payment of fines. Until such a system of probation is provided in the provinces of Canada, all we can do is provide in this clause that the magistrate shall have power to give time for the payment of fines, and hope that with his present facilities he will do this as frequently as possible. But so far as the power to do so is concerned, he has that power, and he has had it for a long time.

When the hon. member for Oxford made the suggestion that we should spell out this power and amplify it a little, I accepted this suggestion with alacrity, as my hon. friend from Winnipeg North Centre pointed out. Of course we have no objection to spelling out what is part of the law now. But I do not want any person to think or say that our willingness to spell it out is an admission on our part that our present law is defective. I think what could be done under the amendment suggested by the hon. member for Oxford could be done under our present law. Having given consideration to his language, perhaps it would make it a little clearer if we adopted it. I have the necessary amendment here, and I shall ask one of my colleagues to move it in these terms:

That subclause (3) of clause 694 be deleted and the following substituted therefor:

"(3) A summary conviction court may direct that any fine, pecuniary penalty or sum of money adjudged to be paid shall be paid forthwith or, if the accused is unable to pay forthwith, at such time and on such terms as the summary conviction court may fix."

With regard to the use of the word "time" in the singular, perhaps I should say that by the Interpretation Act a reference like that in the singular includes a reference in the plural. Therefore it would be at such time or times and on such terms as the summary conviction court may fix. I do not see how within the limits of the English language we can go any further than that in conveying power to the magistrate. The mere fact of our conveying it is no assurance that the magistrate is going to exercise this power. All we can do is to convey it. If it meets with the approval of hon. members I would be glad to suggest that the Minister of Mines and Technical Surveys move this amendment.

Mr. Prudham: I move accordingly.

Mr. MacInnis: I think what we are trying to do here is eliminate the impression that a person is being imprisoned not for the crime of which he was accused but because he could not pay the fine levied for that crime. I did not like to hear the hon. member for Winnipeg North Centre say the minister was accepting this because it did not amount to much. I have been associated with him for some considerable time in the committee and I do not think—

Mr. Knowles: The hon. member said worse this afternoon.

Mr. MacInnis: No. Certainly the words were not very appropriate. I agree that if a time can be set to pay a fine fixed by a summary conviction court it means that a time or times may be fixed. I do not think the long amendment proposed need be considered. All we need to say is "at a time or times." I think that meets the case by adding just two words and making it read, "at a time or times to be fixed by the summary conviction court."

Mr. Garson: That was the very suggestion I made. As I say, under the Interpretation Act "time" means "times", so from the draftsman's point of view it would be almost a summary conviction offence to put in "time or times". However, I have no objection. So far as having people understand it is concerned, I think if we put "or times" in the present subsection it might be more effective for at least the lay members of society. Whichever the committee prefer is quite agreeable to me.

Mr. Ellis: Do I understand that if this amendment carries in all cases the magistrate will give sufficient time to pay the fine?

Mr. Garson: It will be up to the magistrate. I suggest to my hon. friend that with all the good will in the world, if you are going to set up magistrates and judges whose job it is to exercise judgment on the facts, you cannot tell them what to do. We have to leave it to the judge or magistrate to decide on the facts of the case whether to give time or not. If the magistrate or judge is satisfied that an accused cannot pay forthwith, he may give time, but he has the right to decide in every one of these cases. He has to decide whether he will do it or not.

Amendment agreed to.

Mr. Fraser (Peterborough): The accused has to ask for that?

Mr. Garson: I would not say that; if the magistrate is satisfied.

Mr. Knowles: Before the clause as amended carries there is one other point on which I would like to say a few words. About an hour ago the minister relied on inflation as an argument in connection with another clause where the amount of $25 was being raised to $50. What he does here is raise $50 to $500. Is it the same inflation that is responsible for this? The code as it now stands under the analogous clause—

Mr. Garson: To what section is my hon. friend referring?

Mr. Knowles: To clause 691 (1). The cross-reference is to section 1052 (2) in the code as it now stands. The minister will note that in the section of the present code it is $50 while in the clause now before us it is $500.

Mr. Garson: The offences are quite different. If my hon. friend will look at section 1052 (2) he will see that it reads:

> Every one who is summarily convicted of any offence for which no punishment is specially provided, shall be liable to a penalty not exceeding fifty dollars, or to imprisonment, with or without hard labour, for a term not exceeding six months, or to both.

Mr. Knowles: Clause 694 (1) reads:

> Except where otherwise expressly provided by law, every one who is convicted of an offence punishable on summary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

What is the difference? Not only does it say the same thing in a slightly different order of words, but the note on the right-hand page tells us that clause 694 (1) is an analogue of section 1052 (2). Unless I do not understand the English language it seems to me they are saying the same thing. It is on that basis that I still press the point as to why inflation results in $25 being raised to $50 in one case and in $50 being raised to $500 in another case.

May I point out that in this same revision of the code we made a change in the opposite direction in respect to penalties imposed upon corporations for summary conviction offences. As the old code stood, the penalty on a corporation for a summary conviction offence was in the discretion of the court; there was no ceiling, there was no limit. Under the new code a limit or ceiling of $1,000 has been fixed. In the case of the corporation it has been brought down from infinity to $1,000. In the case of the individual it has been raised from $50 to $500.

I would like to put two questions to the minister. First, why has the $50 been raised to $500 when in the other case the increase was from $25 to $50? Second, how does the minister justify this different treatment of individuals and corporations? In the case of the corporation the maximum penalty upon summary conviction has been reduced,

but in the case of the individual the maximum penalty upon summary conviction has been increased.

Mr. Garson: Mr. Chairman, the answer to my hon. friend's question is this. If he will go through the present code he will see that with regard to a large number of offences punishable upon summary conviction it is provided in each case that everyone found guilty upon summary conviction shall be fined X dollars. The cases we are discussing here in Bill No. 7, however, correspond to the n.o.p. items in the tariff, namely, those not otherwise provided for; and in this bill there are few if any penalties specifically provided. My hon. friend might say, "suppose that is so; why should these cases go up from $50 to $500?" He will find other sections in the code which state that a certain offence is punishable upon summary conviction or by indictment; and in that case, dependent upon how heinous the circumstances are, the crown prosecutor has to decide whether to lay a summary conviction charge or a charge as an indictable offence.

I have no specific instructions upon this point because I do not recall any specific reference to it in the report of the commission. However, I believe a possible reason for this maximum penalty being increased to $500 in summary conviction cases which are not otherwise provided for is that it may give a greater discretion to the prosecuting officer in deciding upon the facts of a certain offence whether it will be a summary conviction charge or an indictable offence if there is a reasonably heavy penalty which can be imposed if tried summarily before a magistrate. In relation to these penalties in Bill 7, my hon. friend should keep in mind that they apply to a large number of offences that have no penalties of their own; that they are maximums, and that the magistrate can impose not more than that maximum but anything less than that if he so wishes.

So far as the limitation upon the penalty chargeable against a corporation convicted on a summary conviction offence is concerned, I believe the last time this matter was before the committee my hon. friend and I debated it at considerable length. I do not know if I convinced him on that occasion, but my thesis then was that for the limited number of summary conviction offences in the code that a corporation can commit, $1,000 was a reasonable figure as a maximum penalty; and that it was quite unreasonable, as it is under the present code, to say they could be fined an unlimited amount, because no magistrate would ever impose that sort of penalty, and a provision of that nature would simply be inoperative.

Mr. Knowles: But why does not the argument which the minister puts forward in respect of the individuals apply to corporations? He states that in respect of an individual the decision of the prosecutor as to whether to charge the individual with a summary conviction offence or an indictable offence may be influenced by the amount of the fine which can be levied under a summary conviction charge. Should not that same reasoning apply in respect of a corporation? I would remind the minister that a $500 fine may be pretty serious when applied to an individual, but a $1,000 fine might just be peanuts for a corporation. On the basis on which the minister is arguing you may by the same token make it necessary for the prosecution to charge a corporation with an indictable offence rather than a summary conviction offence because the fine upon summary conviction is too low.

Mr. Garson: On that score, Mr. Chairman, I would have thought that in most cases where we have a liability in excess of $1,000 the prosecutor would be inclined to charge it as an indictable offence against the corporation.

Mr. Ellis: Mr. Chairman, I believe there is an assumption that the fine levied on the individual would always be a low fine and not approach the maximum, whereas a fine levied on a corporation would be at the maximum. On March 10 I asked the minister whether he thought the maximum fine on an individual of $500 was quite fair when one considered that the maximum fine for a corporation was $1,000. The minister replied, as reported at page 2870 of *Hansard*:

> Yes, Mr. Chairman. I certainly think that is a fair basis in respect of summary conviction offences; and it applies only to summary conviction offences.

The amount of money is not important. What is important is this ratio of two to one. If the minister points out that a court might levy a fine of only $100 on an individual, then by the same token the court can levy a fine of one-fifth of the maximum on a corporation, namely $200. The minister's comparison between $500 and $1,000 misses the point altogether, and I fail to see how he can suggest that a $500 maximum for the individual is fair when we consider the maximum fine for a corporation is only $1,000.

Mr. Garson: I wonder if the hon. member is not basing his thinking upon the assumption that all corporations are wealthy and

all individuals are poor. If a man were a millionaire and the magistrate wished to impose a fine upon him which would be somewhat painful I would think $500 would not be at all out of the way. I do not believe it is correct, however, to assume that because it is an individual on the one hand, and a corporation on the other, you may not have an exceptional group of individuals on whom you would have to impose a very stiff fine before they felt it at all. In cases of that sort I am sure my hon. friend, if he were a magistrate, would be glad to have that sort of discretion which the $500 limit would give him.

I do not believe if you were to examine the average of the penalties imposed under a clause of this kind they would go anywhere near the $500 mark, because most people are not too wealthy. Where the magistrate, on the other hand, feels he has to impose a penalty on an accused which the accused will really regard as a penalty he is provided under this clause with the proper authority to do so if he feels the facts are sufficiently serious.

Mr. Ellis: I should like to draw the minister's attention to the wording of the section we have just been discussing. Section 694, paragraph 1, reads as follows:

> Except where otherwise expressly provided by law, every one who is convicted of an offence punishable on summary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

I raised this point a day or two ago and the minister pointed out that in the event of a wealthy individual being brought before the court, the magistrate could not only fine him the maximum of $500 but could also impose a jail sentence.

Mr. Garson: That is right.

Mr. Ellis: This evening the minister is saying that the maximum fine is $500. In other words it is suggested that a millionaire could be brought before a court, and the maximum fine provided under this code would be $500 on summary conviction. But as the minister will note, this section enables a magistrate to impose a jail sentence in addition to a fine. I do not think the comparison the minister has made is valid at all. A corporation cannot be sent to jail on summary conviction. A fine is all that can be levied against it. I think the minister should bear in mind the fact that in the event of a wealthy individual being convicted, on summary conviction, the magistrate can impose both a fine and a jail term up to a maximum of six months.

Mr. MacInnis: I think perhaps we are using wrong comparisons here when we are comparing the fine that can be levied on a corporation on summary conviction and the one that can be levied on an individual on summary conviction. I think we are also confusing the issue when we talk about millionaires being subject to this fine as well as ordinary individuals. For every millionaire who will be brought into court on a summary conviction charge there will be hundreds of thousands or a million brought in who are people with little means at all. It is really for these people that we are making the law. We are not necessarily going to punish the millionaire to a greater extent just because he happens to be a millionaire. We are punishing him for the offence, and not for what he possesses.

As I mentioned this afternoon in connection with another section with which we were then dealing, I do not know how long section 1052 (2) has been in the code, but I imagine it has been there for quite a long time. If we have got along all these years with a fine of $50 for a summary conviction offence I should like to hear what arguments were given by those who were revising the code for increasing it to $500 and, as has already been pointed out, six months' imprisonment. The maximum in both cases can be imposed.

I am sure the minister would be meeting the wishes of members in all sections of the House of Commons if he were to reduce this fine. We have had considerable inflation in the last few years. Let us say there should be a 100 per cent increase and make the fine $100. I wish the minister would give that matter some thought before we pass this clause.

Mr. Garson: My friend the hon. member for Vancouver-Kingsway wanted me to give an example of a penalty of $500 for a summary conviction offence. If he has the existing code in front of him I would refer him to section 537, which reads as follows:

> Every one is guilty of an offence and liable, on summary conviction, to a penalty not exceeding five hundred dollars over and above the amount of injury done, or to three months' imprisonment with or without hard labour, who wilfully kills, maims, wounds, poisons or injures any dog, bird, beast, or other animal, not being cattle, but being either the subject of larceny at common law, or being ordinarily kept in a state of confinement, or kept for any lawful purpose.

That is a summary conviction offence. If I had the time tonight I could present other instances of summary conviction offences which under the existing code are punishable in the amount of a maximum of $500. This limit in Bill No. 7 that is being provided in

those summary conviction cases in which no specific amount is stated is not providing any greater penalty now than that which is provided in a number of individual cases in the present existing code such as the one I have just named.

There is a point which I thought I might deal with while I am on my feet, which was raised by my friend the hon. member for Regina City, I think it was, as to the corporation only having to pay a fine and, since you could not imprison it, it was let off without any further penalty. If he will look at clause 623 he will see that it says:

> Notwithstanding subsection (2) of section 621, a corporation that is convicted of an offence is liable, in lieu of any imprisonment that is prescribed as punishment for that offence,
> (a) to be fined in an amount that is in the discretion of the court, where the offence is an indictable offence, or
> (b) to be fined in an amount not exceeding one thousand dollars, where the offence is a summary conviction offence.

Actually, if the court wished to do so it could impose a fine of $500 and then a further $1,000 in lieu of imprisonment, which would be $1,500. I only mention that matter in order to clear up the point. I am not saying it has any particular bearing on the argument we have been carrying on.

Mr. MacInnis: Section 537 spells out a crime that is punishable on summary conviction. I submit that section 537 is covered in the new code, the one that we are discussing now, in clause 386 which reads as follows:

> Every one who wilfully and without lawful excuse
> (a) kills, maims, wounds, poisons or injures dogs, birds or animals that are not cattle and are kept for a lawful purpose, or
> (b) places poison in such a position that it may easily be consumed by dogs, birds or animals that are not cattle and are kept for a lawful purpose, is guilty of an offence punishable on summary conviction.

What the minister is suggesting here is that we may bring a great many much lesser crimes under this, shall I say, same umbrella of summary convictions punishable by a fine not exceeding $500 and six months' imprisonment or both.

Mr. Garson: My hon. friend uses the words "what we are doing here". One of the things we are doing here is taking section 537, which carries a penalty of $500 under the existing code, bringing it into the new Bill No. 7 and saying that every person who does that is guilty of an offence punishable on summary conviction. Then, not naming the penalty, we provide the general penalty clause for summary conviction generally, that the maximum fine shall be $500. We have not disturbed the $500 maximum penalty for this offence at all.

One of the purposes of this revision was to avoid the great, long sections with penalties in each. My hon. friend can see that this clause in Bill 7 is infinitely shorter and that it does not specify any penalty at all. But one of the consequences of doing that is that you must have a general penalty for all summary conviction offences which is sufficiently heavy that it can be applicable to all summary conviction offences including this one of maiming dogs, birds, beasts and so on. I think my hon. friend will agree that if the offence prescribed in section 537 of the existing code were brought into clause 386 of Bill No. 7 and the penalty for a summary conviction offence was $50, the effect would be that we would have reduced the penalty now attracted by that offence from $500 to $50.

Mr. Winch: That is the old section 537?

Mr. Garson: Yes, section 537 of the existing code.

Mr. Coldwell: The thing that strikes most of us is that you set a maximum penalty for all summary conviction offences of $500 or six months in jail, or both. Take a summary conviction offence under the new code such as vagrancy. There is a maximum penalty of $500 or six months in jail. Is it not out of line to have the same limit—I know it is a limit—for an offence such as the maiming of animals, the placing of poison for animals and so on?

The point we are making is that summary conviction offences that are relatively light are treated in exactly the same way, so far as maximum penalty is concerned, as offences that cannot be regarded as being at all light. I think that is a point which has to be made. It seems to me there should be some distinction. I am not a lawyer, and I hesitate to say this because I have never appeared in court and do not know anything about it—

Mr. Small: There is hope for you.

Mr. Coldwell: I hope I never shall appear in court. I do know that magistrates sometimes vary in their appraisal of an offence. You may find one magistrate who imposes a pretty stiff penalty for quite a minor offence. I think we are permitting a maximum penalty for summary conviction offences that is quite severe if the magistrate cares to impose such a penalty.

Mr. Garson: The whole plan of the present bill so far as summary conviction offences are concerned is to set one maximum limit on penalties for all summary conviction offences. No minimum penalties are set with the exception of one or two cases like drunken

driving and impaired driving and theft from the mail. Apart from that there are no minimum penalties at all. It is left to the magistrate to use his own discretion. With respect to the charges the hon. member has cited, in the case of vagrancy the traditional fine for that is long established.

I therefore do not share my hon. friend's fears at all. I think the provisions will work out very well indeed. As my hon. friend can see, Bill No. 7 is a much simpler and more understandable piece of legislation. It does away with the necessity of spelling out for each individual section what the penalty shall be, which actually does not mean a great deal because the circumstances of cases can vary so enormously with respect to the same offence. The magistrate is the one who determines the penalty, and I do not think that in 2 per cent of cases he will have any difficulty in respect of the points my hon. friends have made.

Mr. MacInnis: Not only may the circumstances in each case differ, but the state of the magistrate's liver may differ from day to day and have quite an effect on what the punishment may be. We cannot get away from the fact that clause 694 sets out to do what subsection 2 of section 1052 does at the present time, namely provide a maximum punishment for summary conviction offences. Subsection 2 of section 1052 reads:

> Every one who is summarily convicted of any offence for which no punishment is specially provided, shall be liable to a penalty not exceeding fifty dollars, or to imprisonment, with or without hard labour, for a term not exceeding six months, or to both.

We have taken the $50 and raised it to $500 and have maintained the term of imprisonment. The words "with or without hard labour" have been omitted, and I was interested to hear the other evening that they no longer mean anything. I thought we were getting more and not less law-abiding, and were beginning to feel that the imposition of harsh penalties was not the way to secure observance of the law. I just cannot understand it.

Mr. Fulton: I should like to make the point that we in this group have not agreed with the minister in the principle he has just stated, that there should be a broad general discretion left, that you prescribe a number of offences and then leave the penalty to be imposed as provided by clause 694. It has been our contention throughout that the practice followed in the present code, which has been the principle observed for the last 50 years, of spelling out a particular offence and prescribing the particular penalty to be imposed for the particular offence, is the proper principle to be followed in drafting a criminal code for Canada. You carry out that principle in so far as is possible in respect of each offence you create.

It is true that under the old code you did have section 1052, but it will be seen that the application of that section was very much more limited than will be the application of clause 694. Under the old code the principle was that particular offences were spelled out for which specific penalties were provided. Then there was the catch-all for those cases where you did not provide a particular penalty, namely that the maximum would be $50 or six months. The principle is reversed in the new code. By and large summary conviction offences are left without specific penalties provided, and then there is the catch-all of clause 694.

However, the fact is that it is too late now. In some cases we have tried to amend particular sections but it has not been possible. We are now brought up against the practical application of this principle, and it has been pointed out by my hon. friends that an offence obviously of a less serious nature than another may carry the same penalty simply because they are all left to be covered under clause 694. The question of enlarged jurisdiction does not apply here because these are summary conviction offences, but it is a part of the pattern to which we object, the lessening of the particularity of the Criminal Code of Canada.

We have maintained throughout that in drafting a criminal law you should be as particular as possible and not as general as possible, so it will still be proper to observe that other maxim of the law that ignorance of the law is no excuse. Under this clause a person does not know what penalty may be imposed as a result of the offence with which he is charged, because the whole thing is left to the discretion of the magistrate. I do not think it is a sound principle.

Mr. Barnett: I have listened to this discussion for some time, and finally decided I should more or less repeat the arguments I advanced the other day in connection with this clause. I know that we are living in a machine age, but listening to the hon. member for Kamloops I wondered whether we were going to try to create a situation whereby the administration of justice would be a sort of push-button affair. I think we have to recognize that the matter of human judgment is still going to be involved in the effective administration of the law. It is important to build up a group of magistrates across this country who have some degree of common sense. Possibly there may be times when a certain amount of legal knowledge would be an added advantage. I shall

not go into that at the moment. I have to repeat, as I did the other day, that I do not altogether share the concern of a number of my colleagues in respect to the increase in this maximum. I feel that, in so far as they have expressed themselves, they have been missing the important point in connection with the working of this increase. I have discussed this point with a magistrate whom I consider to have considerable practical experience. He has told me it is one of the problems with which he is confronted from day to day. He felt that the old limitation of a $50 fine meant nothing to a great many of the people with whom he had to deal. He felt that in order to effectively deter them from committing that sort of crime again he was forced to impose a jail sentence.

His argument was that sending a man to jail did two things, with both of which he disagreed. In many cases it rendered the man open to association with more hardened criminals, which might start him on a life of crime. The other thing to which he objected was the fact that the taxpayers of the country were forced to support that man while he was serving his jail sentence. Time and time again he suggested that if he were free to impose a fine which would hurt a little bit it would be much more satisfactory. If the magistrate is a reasonable man with common sense judgment in respect to the gravity of the offence, in respect to the circumstances of the culprit's income and so on, in many cases the $500 maximum fine would not be at all unreasonable. In fact I can think of a number of people whom I know that it would take $500 to hurt. Certainly I would much rather see them pay a $500 fine than go to jail for six months.

In my opinion that is the practical effect of raising this ceiling. For this reason I feel that some of my colleagues are perhaps a little bit too concerned over the question of raising this ceiling. Personally I believe that if punishment is going to be effective it has to be something the individual concerned is going to remember. I am all for trying to keep people out of our jails. I think it is to the advantage of a person convicted of an offence, and it is also to the advantage of the country, that we should not have any larger criminal population in our jails than is essential.

Mr. Knowles: There is obvious merit in the point my colleague has made, but I am one of his colleagues who is still concerned about the increase in this amount. The hon. member for Comox-Alberni has pointed out that under the law as it now stands there have been magistrates who wished they could levy greater fines. The Minister of Justice has pointed out that $50 has not been the maximum penalty for all summary conviction cases. He cited one case in which the possible fine upon summary conviction was $500. In the past this $50 ceiling has been there only in respect of summary conviction cases not otherwise expressly covered.

I should like to ask the minister whether there are any precise fines associated with summary conviction offences in other clauses in Bill No. 7. Clause 694 is written in the same general language as section 1052 (2) of the former code in that it says:

> Except where otherwise expressly provided by law—

Then it goes on to provide that in such cases the maximum is $500. Under the old code the ceiling on cases not otherwise provided for was $50. Other cases were provided for throughout the code. What is the situation with respect to Bill No. 7?

Mr. Garson: I do not think there is any case, Mr. Chairman, in Bill No. 7 for which there is specific provision. I may be wrong. There may be the exceptional case, but I cannot recall it. With regard to all the summary conviction offences that are tried before magistrates the thought was that we would have just one clause in the bill providing the penalty, and that is the one in clause 694.

Of course that arrangement would be impossible if the idea of my hon. friend were to be put into effect, because if he looks at the existing code he will find that a good many of the sections dealing with summary conviction offences give a long statement of the offence and then end up by stating that upon summary conviction the fine shall be $50 or $100 or $500 or whatever the case may be. This seemed to the commission, to the government and up until the present time, in connection with this bill, to everyone who has examined it—

Mr. Knowles: Were there representations on this point from the provincial attorneys general?

Mr. Garson: They have agreed to it. It was felt this provided a much simpler bill. My hon. friend must realize, and he will know this is a fact if he stops to reflect about it, that the huge majority of penalties imposed by magistrates or by courts at the present time are very much less than the maximum penalty. In all these fines there is just about as much relationship between these maximum penalties that are provided in the code as there is between the maximum authorized railway rates and the competitive

rates that are actually imposed. The magistrates cannot go above a certain figure, but in practice they do not come anywhere near this maximum.

A lot of these arguments which have been skilfully presented tonight, and in an abstract way carry some weight, have no application to what actually happens in the court because in imposing penalties magistrates never come anywhere near the maximum in most cases. It is not as if we were creating a new country as of tomorrow and we were providing a criminal code having had no past experience. The magistrates who are administering the present code and who will be administering the new code have a long tradition behind them as to the range of the fines that should be charged for vagrancy, for disorderly conduct, for driving to the common danger, and so on. Moreover there is not such a tremendous spread between the minimum and the maximum. It is true that $500 is a good deal of money, but I do not think myself that the magistrates in Canada will have any difficulty whatsoever in carrying out the provisions of Bill No. 7. The provincial authorities, who are much closer to it than we are, do not think so either.

Mr. MacInnis: I suggest to the Minister of Justice that the Criminal Code is a very real thing and is being enacted for a very real purpose. To say that the maximum fines are rarely if ever applied is all the proof necessary for me to show that the maximum should be less. Why put a fine in the code as a target for a magistrate to see if he can hit? It just makes nonsense of the code, particularly at a time when not only we but the world are beginning to realize that we are not going to make people good and law-observing by the size of the penalty we impose.

In order to terminate this discussion I am going to move an amendment, as follows:

That subclause (1) of 694 be amended by deleting the word "$500", and substituting therefor the word "$100".

The Deputy Chairman: Shall the amendment carry?

Mr. Garson: I think I should say very briefly that one of the obvious effects of this amendment, if it were carried, would be that a large number of summary conviction offences, which under the present code carry penalties in excess of $100, would be reduced from the amount they carry at the present time down to $100. If this amendment were put into effect we should have to change our whole approach to this question. We would have to go back to the individual summary conviction offences and provide a separate penalty for each. This would be a huge task.

I mention these facts so we shall understand that we are not just voting upon the question of whether the penalty in a few cases will be reduced from $500 to $100. This will apply to all the summary conviction offences in Bill No. 7. As I say, there may be one or two exceptions, but I cannot recall what they are, and I do not think there are any.

Mr. Knowles: Surely the minister does not seriously advance the argument that it would be a huge task to make all these changes. Surely he should meet the point on its merits. If it is unfair to have the bill the way it now reads, and if it would be fairer to make that change even though it might be a huge task to go through the bill and make the amendments, I am sure he would be the first to agree that it should be done. Obviously he has admitted that it could be done. If the amendment of my colleague the hon. member for Vancouver-Kingsway carries and the minister feels that the summary conviction offences such as the one he cited a moment ago should carry a fine of a sum more than $100, he could go back to those clauses and have the necessary amendments made.

I would be interested in knowing, because I see the minister is going to get to his feet again, how many summary conviction offences there are at the present time that carry a penalty greater than $100.

Mr. Garson: I agree with my hon. friend that if it were considered desirable the mere fact that it would be a large task is not in itself any reason why we should reject the amendment. My purpose in making the remarks I did was simply to make it clear to hon. members just what the amendment moved by the hon. member for Vancouver-Kingsway involved. To be specific, it would involve going back over all the clauses in Bill No. 7 defining summary conviction offences which we have already passed, and amending them one by one to provide what the penalty for each of these separate summary conviction offences should be.

Mr. Knowles: Only where you wanted them to be more than $100.

Mr. Garson: Oh, yes; only where we wanted them to be more than $100. But take the very case the hon. member for Vancouver-Kingsway cited just a few moments ago, that of wounding or maiming dogs, birds and so on. That carries a penalty of $500. Unless the committee thought the present code was wrong—and I gathered from the remarks of the hon. member for Vancouver-Kingsway that he thought it was right—we would have to go back and open up that section and open up all the other sections and provide specific

penalties for them; whereas in the bill we have provided one penalty for all the summary conviction offences. That penalty is of general application, with no minimum, leaving to the magistrates discretion to exercise their own judgment within those limits.

Mr. Ellis: Can the minister tell us—

The Deputy Chairman: Order. Clause 694 of Bill No. 7 has already been amended in committee of the whole this evening by adoption of a new subclause 3, as moved by the Minister of Mines and Technical Surveys. I find in citation 669 of Beauchesne's third edition, at page 231, dealing with the committee stages of a bill, the following. I need not read all the long paragraph, but it says in part:

> Amendments must be made in the order of the lines of a clause. If the latter part of a clause is amended, it is not competent for a member to move to amend an earlier or antecedent part of the same clause.

I have no alternative but to rule the amendment out of order under the circumstances, and I so rule. Shall the clause as amended carry?

Clause as amended agreed to.

On clause 717—*Where injury or damage feared.*

Mr. Nesbitt: When we considered this clause at an earlier date I outlined to the minister certain views I had on the subject and did so, as I recall it, by means of an example which illustrates a situation that frequently occurs and which I do not feel is covered by the clause as it is set out at the present time. Has the minister *Hansard* of that date?

Mr. Garson: Yes.

Mr. Nesbitt: Then I need not take the time of the committee to repeat the example. What I had in mind was that the minister might consider an amendment to subclause 3(a), substituting something of this nature: "or commit the defendant to prison for a time not exceeding fourteen days if he considers under the circumstances that the defendant is likely to commit an indictable offence."

If the magistrate feels that having the defendant enter into a recognizance to keep the peace would not be sufficient to prevent him from committing an indictable offence, he may consider that a short cooling-off period in jail might do it. He would be able to put the man in jail for a period up to 14 days to prevent the commission of some serious offence.

As I said, in Ontario under the Ontario mental hospitals act a magistrate can order that an individual be sent down for 60 days for observation. However, from a practical point of view it sometimes does not work out. This is no reflection upon the province of Ontario, but sometimes the mental hospitals are full and there is no room. You cannot keep a man in jail under circumstances as they are at the present time, and it leaves the magistrate in an awkward position.

I gave an example the other day, and I referred also to these line-fence disputes where people sometimes get quite acrimonious and something unpleasant is likely to happen. I feel that the magistrate should have it in his power to place a person in a position where he would be unable to commit an offence. I have discussed this with a number of law enforcement officers and others and they are of the same opinion. I would be glad to hear the opinion of other hon. members on this matter.

Mr. Garson: I wonder if I get the facts correctly as they have been cited by my hon. friend. In a matter of this kind a great deal depends upon getting the facts straight. On March 11, as reported on page 2912 of *Hansard,* my hon. friend said:

> On one occasion the children's aid society in the city in which I live received a telephone call around midnight from a man who told them they had better come to get his children as he was going to shoot his wife and then commit suicide. There were several young children who had to be looked after.

As I understand my hon. friend, he feels that the difficulty arose because this information had been given to the children's aid society and they had no status to appear before the magistrate to swear out the information required under clause 717, which reads:

> Any person who fears that another person will cause personal injury to him or his wife or child or will damage his property may lay an information before a justice.

My hon. friend suggests that as a solution we empower the magistrate to put the individual in jail for a week or ten days, as he says, to cool off. That would mean, would it not, that upon the information, not of the person threatened but of some person else, to the effect that there was danger of the man complained against shooting some person or doing violence to him, the court on the strength of that representation should make an order sending that other man to jail.

I should think that sort of thing would be an outrageous invasion of a man's civil liberty. I should think the way for my hon. friend to get around the difficulty of which he speaks would be for the wife who had been threatened to be approached by the children's aid society and asked to go to the magistrate and lay an information within the terms of clause 717, that her spouse was

threatening to kill her and her children. That would be squarely within the clause, and the magistrate could order a recognizance.

As I understand my hon. friend's other point he says that the man complained against either would not enter into a recognizance or would not carry out its conditions. I suggest to my hon. friend that if under those circumstances the person complained against is so far gone in his aberration that he will not enter into a recognizance or obey it, the chances are that he would be certifiable.

Mr. Nesbitt: As the minister has stated, I certainly would be of the opinion that a person who would not enter into a recognizance would be certifiable, but I am not a psychiatrist. It may be that after an opinion has been received from the royal commission which is looking into the matter of insanity as a defence a little more light will be cast upon the question of what exactly constitutes insanity, whether it may be a temporary affair. At the present time I think the minister will agree that we do not consider a person temporarily emotionally disturbed as being not responsible for the nature and the quality of his acts. It may be advisable to wait and see what kind of recommendation is brought in by the royal commission, and stand this clause further.

There is one other thing I should like to bring to the attention of the minister. In Ontario we have a provision under the Ontario mental hospitals act to send a man to hospital for 60 days, but it may be that in the other provinces they cannot do that. As I say, from a practical point of view you occasionally run into the circumstance where there is no room in the hospital, and the person would have to stay in jail. I do not think that would be proper at all.

It would only be in extreme or unusual circumstances that a magistrate would have to invoke this provision, but there would be the unusual case where the magistrate might be afraid to let a man out for fear he would commit a dangerous offence, and he might want to keep tab on him, to use the vernacular. Possibly the minister would prefer to have it seven days instead of fourteen. You could keep your finger on the man during the cooling-off period. Perhaps it would be agreeable to wait and see what the report of the royal commission has to say.

Clause agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, tomorrow we shall begin with the resolution with respect to assistance to the gold mining industry; then second reading of Bill No. 326, to amend the Vocational Training Co-ordination Act; then the resolution having to do with the setting up of an account in the consolidated revenue fund with respect to losses in connection with government property. We shall then call the Export and Import Permits Act to hear a statement on behalf of the government, and then the debate will be adjourned. Should all that be completed before closing time we shall continue with the Criminal Code.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Tuesday, March 16, 1954

The house met at 2.30 p.m.

BANKING AND COMMERCE

Fourth and fifth reports of standing committee on banking and commerce.—Mr. Croll.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petition of Madeleine Roy Julien for a bill of divorce, presented on March 12, 1954, together with the report made thereon by the clerk of petitions on March 15, 1954, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

EXTERNAL AFFAIRS

MASS RETALIATORY POLICY OF THE UNITED STATES—CONSULTATION WITH CANADA

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): I wish to direct a question to the Acting Prime Minister. It arises out of a speech delivered a day or so ago by the Secretary of State for External Affairs (Mr. Pearson). Was the government of Canada consulted by the United States department of state before the announcement of the mass retaliatory policy by Mr. Dulles in January?

Hon. Brooke Claxton (Acting Prime Minister): I did not have notice of the question, Mr. Speaker, and I did not have a chance therefore to communicate with the Secretary of State for External Affairs to find out what the facts are. He is in Washington, and will be back here tomorrow night. I think he had better answer the question on Thursday.

DISABLED PERSONS

AGREEMENT BETWEEN FEDERAL AND SASKATCHEWAN GOVERNMENTS RESPECTING REHABILITATION

On the orders of the day:

Mr. E. G. McCullough (Moose Mountain): I should like to direct a question to the Minister of Labour. Has the agreement become effective between the Canadian government and the Saskatchewan government respecting rehabilitation of disabled and physically handicapped persons and respecting the appointment of a director? If so, what is the effective date?

Hon. Milton F. Gregg (Minister of Labour): The answer is yes. An agreement between the government of Canada and the government of the province of Saskatchewan, providing for the co-ordination of rehabilitation activities in that province, and federal financial assistance in relation to it and relating to the appointment of a provincial co-ordinator, was signed on August 21, 1953. I am now advised that a provincial co-ordinator on rehabilitation, in the person of Mr. J. S. Probe, was appointed in February by the province of Saskatchewan.

Mr. McCullough (Moose Mountain): May I ask a supplementary question? How many other provinces have come under this agreement to date?

Mr. Gregg: The provinces of New Brunswick, Manitoba, Newfoundland and Alberta.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO INCLUSION OF FISHERMEN UNDER UNEMPLOYMENT INSURANCE ACT

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): I should like to direct a question to the Minister of Labour. Is the Department of Labour now studying the possibility of including fishermen under the provisions of the Unemployment Insurance Act?

Hon. Milton F. Gregg (Minister of Labour): The answer is yes, that question is now being studied.

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEGRAPH AND TELEPHONE SYSTEM—PROVISION FOR EMPLOYEES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): I should like to direct a question to the Minister of Transport, arising out of a telegram which I received today from the Amalgamated Civil Servants of Canada in connection with the transfer of the physical assets of the government telegraph and telephone system of British Columbia. Can the minister say what progress is being made in negotiations with the purchasers regarding the question of

seniority and superannuation rights of the employees of the government system, and other related matters?

Hon. Lionel Chevrier (Minister of Transport): I can add nothing to what I have already said in the house in answer to the question which was asked by the hon. member for Vancouver East and also by the hon. member himself. At that time I said that negotiations were proceeding and I hoped it would be possible to effect a transfer by April 1. Since then I have received no information to impart to the house.

Mr. Fulton: May I ask a supplementary question? Will the government give an opportunity to the house to discuss this matter prior to the effective date of transfer, namely April 1?

Mr. Chevrier: I do not think that would be possible, particularly if the agreement between the government and the private companies has not yet been completed. In any event, there will be ample opportunity on one occasion, if not two, to discuss the matter fully.

DUMPING

DAFFODILS—REPORTED UNITED STATES IMPORTATIONS INTO VANCOUVER

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct a question to the Minister of National Revenue. In view of information received that customs officials have disclaimed knowledge of regulations governing the importation of great quantities of daffodils into Vancouver, will the minister give assurance that the protest of the British Columbia bulb growers' association is being given consideration and that steps will be taken to remedy the present unsatisfactory situation?

Hon. J. J. McCann (Minister of National Revenue): I have grave doubts that the customs officials have disclaimed knowledge of the regulations governing the importation of quantities of daffodils into Vancouver, because I have before me copy of order 42, supplement 11, dated December 18, 1953, which went to all appraisers and which gave directions with reference to the importation of flowers.

However, in view of the hon. gentleman's question I would say that the protest of the British Columbia bulb growers' association is being given consideration and steps are being taken to ensure that field daffodils are entered in accordance with the provisions of the Customs Tariff and the Customs Act.

[Mr. Fulton.]

LABOUR CONDITIONS

INQUIRY AS TO NUMBER OF EMPLOYEES IN TEXTILE INDUSTRY ON SHORT TIME

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I should like to direct a question to the Minister of Labour. Has the minister as yet any figures available as to the number of those on short time in the textile industry?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, the hon. member for Oxford asked a similar question some time ago and at that time I replied as follows, as reported on page 1489 of *Hansard* of January 27, 1954:

> There was no over-all estimate made based on the labour force survey of the number of people working on a short-time basis in the textile industry.

So that the answer to the hon. member's question is no, but perhaps the following information will bear upon his question. I have looked into this matter further and find that, while we do know the number of people who make claims for unemployment insurance because of short-time employment, this information is not available on an occupational or industry basis. As the hon. member will, I am sure, realize, it would be a large undertaking to maintain such detailed figures on a regular basis.

The best indication that I can give the hon. member of the change in the employment situation in the textile industry over the past year, along the lines he has in mind, is the average hours worked per week this winter compared with last winter. In December, 1952, the average number of hours worked by firms in this industry as reported to the dominion bureau of statistics was 43·7. A year later, in 1953, the average number of hours worked per week had fallen to 40·6. This represents a reduction of 7·1 per cent. The reduction was larger in the cottons branch of the primary textile industry than in the woollens and synthetic and silk sections. The reductions were 11·5 per cent for cottons, 6·3 per cent for woollens, and 5·0 per cent for synthetics and silk.

Mrs. Ellen L. Fairclough (Hamilton West): Has the Minister of Labour any further information as to the number of people involved in those hours of work?

Mr. Gregg: No. Our figures are not adapted to provide that.

FISHERIES

INQUIRY AS TO POSSIBLE CLOSURE OF FRASER RIVER

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): I should like to direct a question to the Minister of Fisheries. Will the minister state whether or not a decision has been reached with respect to the closure of the Fraser river above the New Westminster bridge to commercial fishing?

Hon. James Sinclair (Minister of Fisheries): I thank the hon. member for having given me notice of his question. The answer to his question is no. I hope to be able to announce a decision before I meet the fishermen's union in convention next week in Vancouver.

Mr. Patterson: May I ask a supplementary question. Before any such decision is made will the minister consider the possibility of giving the fishermen in that area one year's notice so they will have an opportunity to dispose of their equipment, if they so desire, and secure a livelihood in some other occupation?

Mr. Sinclair: That question is not quite applicable, because all we are considering is a little earlier closure on two species of salmon in that area.

THE PRIME MINISTER

WELCOME ON RETURN—FACILITIES AVAILABLE TO PUBLIC

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): I should like to direct a question to the Acting Prime Minister. Will the Rockcliffe airport be open to the general public tomorrow night for the purpose of welcoming the return of the Prime Minister of Canada?

Hon. Brooke Claxton (Acting Prime Minister): Mr. Speaker, I am glad the hon. member asked this because quite a few hon. members have been asking for information on the subject.

Mr. Ferguson: I was afraid I might be kept out.

Mr. Claxton: Rockcliffe airport will be open to the public. Entrance will be by the Montreal road.

Mr. Ferguson: Oh, good.

Mr. Claxton: An attempt will be made to deal with motor vehicle traffic. It is expected that in addition to some senators and hon. members, and members of the diplomatic corps, there will be a considerable part of the general public who will wish to extend a welcome to the Prime Minister on his return from a tour which has made history.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO 1954

Hon. George Prudham (Minister of Mines and Technical Surveys) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to extend the application of the Emergency Gold Mining Assistance Act to the year 1954.

Mr. Adamson: Is the minister going to make a statement?

Mr. Speaker: That would be made in committee. As the hon. member knows, no statement is made at this stage of the proceedings. This is merely a motion that the house resolve itself into committee of the whole. See *Journals*, January 26, 1954.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Adamson: Is the minister going to make a statement now?

Mr. Prudham: Mr. Chairman, with your permission I should like to make a statement concerning the resolution to amend the Emergency Gold Mining Assistance Act which is before the house.

The intention of the government to introduce legislation to extend the application of the act to the year 1954 was announced by the Prime Minister (Mr. St. Laurent) to the press on October 7, 1953. Most hon. members are familiar with the objectives and provisions of the act from previous years, and I feel there is little additional information to be provided at this time.

The former legislation expired on December 31, 1953. The bill now before you provides for the extension of the act to 1954. This legislation proposes to continue the formula for calculating the assistance to individual mines in the same form as 1953.

As pointed out by the Prime Minister in his statement to the press, the special difficulties which have affected the gold-mining industry still continue. The proposed legislation will assist the industry and the gold mining communities to plan their operations for the coming year with a greater degree of certainty.

Some idea of the scope and importance of this emergency assistance measure can be

seen from the number of mines which have applied for assistance. No less than 56 gold mines from widely separated regions of Canada have applied for assistance in respect of the calendar year 1953.

Gold mines in Canada have the choice of two main markets. First, they may sell their gold to the mint at a fixed price of the equivalent in Canadian dollars of 35 United States dollars per ounce. Secondly, they may elect to sell their products on the open market. However, a mine selling on the open market is not eligible for assistance under the Emergency Gold Mining Assistance Act. To this date only one mine has elected to sell on the free market during the year 1954, compared with five in 1953 and 13 in 1952. Mines, over the past few years, have been squeezed between rising costs of production and the fixed mint price for their products. Also, gold mines in this country were seriously affected by the appreciation of the Canadian dollar in terms of the American dollar. This meant that for the greater part of the period during which the Canadian dollar was at a premium, the mines received a steadily decreasing return for their product.

The increased assistance granted in 1953, and if continued through the present year, may therefore be regarded as a special measure designed to compensate for that factor. It is because the government is trying to preserve those modern communities dependent on gold production, Mr. Chairman, that the resolution is being placed before the house at this time.

The gold mines have made a real attempt to meet this challenge. Never before have gold mining operations in this country been more efficient. Tremendous strides have been made in mechanization and improvement of existing installations. I believe the management and workers who have striven to make the industry more efficient deserve a great deal of credit for their efforts.

Over the past year no new lode gold mines have commenced operations in Canada. Five mines in Ontario have closed down, four of them having exhausted their ore, and the fifth because its operations could no longer be carried out economically. In 1953 both volume and the value of gold production in Canada declined. The figures I am about to quote include gold produced from base metal mines which, of course, do not receive assistance on the gold they produce. Under the act a gold mine is defined as a mine whose value of gold production for a year is 70 per cent or more of the total value of the products derived therefrom.

[Mr. Prudham.]

The total value of gold production from all the mines in Canada for 1953 was $139,826,286 compared with $153,246,016 in 1952. Production in 1953 was 4,061,205 ounces compared with 4,471,725 ounces in 1952. Of the 1953 figure 467,356 ounces were produced in base metal mines and 3,593,849 ounces in gold mines.

An appreciable amount of this decrease in 1953 may be attributed to the loss of production from mines on strike, as well as decreased base metal production during the period of the strike at Noranda mines. It is encouraging to know that these labour disputes in the industry have now been settled.

On the basis of those mines receiving assistance for the calendar year 1953, the sum of $8,257,112.78 was paid out by the government in emergency assistance as at the end of December 1953. This figure, incidentally, does not include applications for the fourth quarter of 1953, holdbacks, or applications not yet received. These are now being received by the department and payments are still being made on applications for 1953. It is anticipated that the total payment for the calendar year 1953 will approximate about $15 million.

In conclusion, Mr. Chairman, may I say that in presenting this resolution for an extension of assistance for the year 1954 it is the government's hope that this extension will enable the gold mines to continue their operations so that eventually they may be able to carry on without this emergency assistance. It has always been the government's intention that this assistance should be only of a temporary nature.

Mr. Nicholson: Could the minister tell the committee the total amount expended since this legislation was first passed?

Mr. Prudham: The amount paid since the commencement of the act up to December 31, 1953, was $61,362,672.93.

Mr. Adamson: Mr. Chairman, this recurring bill which the minister has just introduced is, in my opinion, an unfortunate necessity. It is unfortunate because the necessity for it is based on actions which take place outside of Canada, and over which we have had very little control.

The only solution to the problem of gold production in Canada, and I speak solely of the question of gold production now, is an increase in the price of gold. This can be brought about by two methods, and by two methods only. The first method is by a unilateral increase in the price of gold by the United States treasury. The second method is an increase in the price of gold brought

about by the operations of the free market. I shall deal with these two methods very briefly.

The United States treasury and the United States authorities, rightly or wrongly, have a set policy against increasing the price of gold. Since that is their policy I feel that we cannot and should not criticize it even though it may be wrong. They have two basic fears: first, that an increase in the American price of gold would be an inflationary measure. Secondly, they feel that if the statutory $35 price at which the United States government is prepared to buy gold were increased it would assist the Soviet union, which may or may not be the second gold producing country in the world. These are, I believe, their basic reasons and it is not for anyone in this parliament, I believe, to criticize them even though we may not agree.

The second possibility of increasing the price of gold is by action brought about by the free market. One of the most interesting economic phenomena in the world today has been the drop in the price of gold on the Paris market in terms of the French franc. I think it is difficult to understand that drop in terms of a currency such as the French franc, in a country where inflation is today rampant, where for six weeks of last year the country was completely without a government of any sort and where for the first time in the history of the third republic fourteen ballots had to be taken in order to elect a president. Nevertheless, despite what to those of us who are not in France would appear to be great instability in the internal economy of that country, the price of gold in terms of the French franc fell substantially during the past year. I say that fact is incomprehensible. Here you have a paper currency continuously inflated within a country whose government is anything but secure. However, the facts are as I have recorded them.

I now want to put on the record a simple statement from the report on the administration of the Emergency Gold Mining Assistance Act. I think it is important to quote the first sentence of that report for 1953. It states:

> The Emergency Gold Mining Assistance Act of 1948 was primarily designed to assist the high cost or marginal gold mines to continue operations throughout the difficult post-war period.

The original idea with regard to the Emergency Gold Mining Assistance Act was that it was definitely a temporary measure, as the report states, to overcome the difficulties of the immediate post-war period. Unfortunately the situation did not improve. Whereas the original intent of the act was merely to assist the marginal or high-cost producers, today we face the tragic situation that there is only one straight gold mine in Canada not accepting assistance from the government. I think that fact shows the sort of dangers we run into, right from the beginning, when we start bonusing any industry. I do not think that any of the straight gold mines really asked to be bonused.

One other thing has happened. In 1952 the bonus on our production per ounce was $3.14. In 1953 this figure had risen to $3.93 per ounce. It is estimated that in 1954 this figure will rise to approximately $4.20 for every ounce of gold produced. At the same time the production of gold fell from $150 million; I think our maximum production was slightly over $150 million.

Mr. Prudham: I know that my hon. friend wants to get the figures right. The figure quoted for 1952 was $3.93. That is not a complete figure. That is just—

Mr. Adamson: Just for the mines receiving assistance?

Mr. Prudham: No. It is not complete for the mines receiving assistance either. At the end of the year the returns are never complete. This is just a partial figure for that year.

Mr. Adamson: Yes. The report states that the figure was $3.14 in 1952 and that it was $3.93 for 1953.

Mr. Prudham: When the returns for 1953 are complete, that figure will be changed.

Mr. Adamson: It will be increased?

Mr. Prudham: Yes.

Mr. Adamson: The point is a minor one, Mr. Chairman, but I am glad the minister brings it to my attention. The real point that I am making is that the cost of assistance has been going up. I think the estimate for this year was $4.19 or about $4.20, if I remember it correctly from a previous debate in this chamber. In any event, the cost of bonusing the gold mines on a per-ounce basis is increasing, and the production of gold is decreasing. The labour disputes certainly had a fair amount to do with that decrease; but as your over-all costs of production go up, less of the basic rock in the Pre-Cambrian shield can be classed as ore. For every ten cents of increase in the cost of production of an ounce of gold, just so much more ore is turned into waste rock. The seriousness of that situation has been brought out many times in this chamber. It shows that one of

the tragic things is that we are turning a great national asset into waste rock by the present procedure.

So much for the mines themselves, for what is happening to our production, and for what is happening to costs and to the national interests of the country. Since the act was originally introduced, there have been several amendments, including changes in the regulations. I think there have been eight amendments to the act. Straight bullion is allowed to be sold on the free market without having to be adulterated down to 22 carats. That is a good thing because it saves the producers that cost of adulteration.

According to the latest figure I have had for this month, the situation is that the gold mines of Canada are receiving $33.84 an ounce at the mint compared with $38.50 in 1939. It should be remembered that the Canadian dollar was at a discount of 10 per cent in 1939 whereas today it is at a premium of approximately 2¾ to 3 per cent. Therefore our gold mines are not only not receiving any more for their product in 1954 than in 1939 but are actually receiving about 12½ per cent less. The minister has very kindly sent me the figure of $33.79 as of the 6th of March. I was a little generous. I said $33.84. But the main point is that here we have an industry, which at one time was the greatest dollar producer of metals in Canada, exceeding even nickel, exceeding all our base metals, with a production of over $150 million a year, that is today receiving 12½ per cent less for its product than it did in 1939.

I ask you, Mr. Chairman, to think of any industry in Canada today, whether producing a basic or a manufactured commodity, that could even be in business if it were only receiving for its product not what it received in 1939 but 12½ per cent less. I venture to say that not a single producer of any other product in Canada could be in business today under such circumstances. I think that shows more than anything else the way that the gold mining industry has tackled this problem and its amazing efficiency. What has been done to pare costs, what has been done to make mining more efficient, what has been done just to keep the mines alive is a great triumph and a great credit to our gold industry in all its branches. I am glad the minister brought that out in his statement because I wish to reiterate it. So much for that point.

We say to ourselves: Can we do anything that will be effective? For a number of years it has been my criticism of the administration that we have not done as much ourselves in this regard as we should have done. I wish to quote a paragraph from the speech made by the Secretary of State for External Affairs last night in Washington. I think it is of considerable importance, and I shall paraphrase the first few words. Speaking to the Americans he said that it is essential that we work together—

> —if the great coalition which we have formed for peace is not to be replaced by an entrenched continentalism, which I can assure you makes no great appeal to your northern neighbour as the best way to prevent war or defeat aggression, and which is not likely to provide a solid basis for good United States-Canada relationships.

I say "amen" to that statement. To me that has been the great weakness of the attitude of our government toward the United States. As I have said, it is none of our business to criticize their actions, and I am not doing so now. But with respect to international matters involving exchange, convertibility, and particularly the question of gold, I feel that we could have established our own market irrespective of the attitude of the United States and that if we had taken resolute and courageous action we could have led the world.

There was a great deal of misgiving when many years ago I advocated the freeing of the Canadian dollar. The same arguments that were used against the freeing of the Canadian dollar are used against the establishment of a free gold market. It was said that we could not free the Canadian dollar because of the international financiers, the United States bankers and the terrific size of our southern neighbour. We did it, with the result that our currency has become, in terms of other currencies, the premier currency in the world. Having taken such action in the case of the Canadian dollar, I contend that we can follow the same course in the case of gold.

I do not agree with the general policy of Canada of waiting for the Americans to make up their minds about what they are going to do. We cannot be hostages to internal United States politics. We cannot stand idly by and wait for the present United States administration or the Republican party to make up their minds with respect to what they are going to do about trade. Gold of course is only useful as a monetary metal and as a medium by which convertibility can be brought about. That is its only real use. Trade is four times as important to the individual Canadian as it is to the individual American. Unless we can solve the problem of sterling convertibility, of which gold forms an essential part, then our future is, to say the least, in considerable jeopardy because our major markets are in the sterling countries.

I do not feel that we can wait to see whether or not the Republican party is going to be run by the isolationists. We cannot

wait for the Republican party to decide whether it is going to revert to political and economic isolationism or whether it is going to embark upon a policy of enlightened world co-operation as set out in documents such as the Randall report. To me, such a policy of waiting is dangerous in the extreme.

It is for that reason that, in and out of this house, I have championed the use of gold as a monetary metal, championed the basic policy of Canada's standing on her own feet where international trade is concerned. In this country we must trade; otherwise we destroy ourselves. Trade figures are encouraging; but to a greater and greater extent, our trade is with one country —a country which, I grant, is our best market, our major market. We are doing this simply because we have been unable to solve the riddle of convertibility. And in my opinion we have been unable to solve the riddle of convertibility because we refuse to lead, and particularly in the matter of gold.

This is not something we can do easily; it is not something we can do without risks. But, to my mind, the Canadian economy and the Canadian people have always been leaders in international affairs. We were world traders long before the Americans knew anything about world trade. Today in our own right we are world traders probably to a greater extent than any other nation in the world. But unless we can solve this problem of convertibility, unless we can produce some mechanism by which convertibility can be free, our international trade can be cut off very quickly and drastically, and with great and increasing danger to our whole economy.

It is for that reason I am speaking here this afternoon. This bill is to keep the mines alive, and it has my support. It also is supported by this party. But I do wish the administration—this government—would take the lead, particularly in this regard, so that we may stand on our own feet in this matter of restoring gold as the medium of convertibility in which historically it has always been, just as we did with our own national currency, the Canadian dollar. By so doing I believe we can give a lead to the world to prevent economic isolationism in North America, should that be the policy of the present administration—which I hope it will not be.

I feel we cannot stand by and watch something happen, if we can possibly take the lead ourselves to see that this great evil of economic isolationism does not occur again in our lives.

Gold Mining

Mr. Noseworthy: Mr. Chairman, I do not intend to speak at length at this resolution stage, but shall reserve what I have to say in detail to the debate on second reading of the bill to be presented to the house.

There are just one or two comments I should like to make at this stage. The first is that, as we all know, the gold mining industry is in a very unsatisfactory condition at this time. There are great differences of opinion between those who work in the mines and the management of those mines on a number of vital questions. Delegations have appeared in Ottawa before members of the cabinet recommending that the situation in the gold mining industry requires a special commission or committee to make a complete investigation and study of existing conditions in the industry. The miners went back to work, after their long strike, on the explicit promise of the premier of Ontario that such a committee would be set up on a provincial basis, and that a study of this kind would be made. So far as I can discover, to date no move has been made in the direction of fulfilling that agreement.

In so far as the federal government is involved in the gold mining industry, by reason of the Emergency Gold Mining Assistance Act, and in so far as it is of interest to the economy of the country as a whole whether the gold mining industry continues to exist or not, many of us think that the federal government should participate in the work of any such committee or commission. There are a number of questions which should and could be clarified by such a commission. There is the whole question of the extent to which the gold mining industry is today a depressed industry, and there is the further question of the extent to which private enterprise has succeeded, so far as this industry is concerned.

Private industry and private operators have been exploiting our gold mines through the years, and have been accumulating fortunes for private individuals. But never at any time in the history of gold mining in this country have those who actually mine and mill the gold received their fair share of the wealth produced from the mines.

The question now arises: Are some of those mines expecting to continue the rate of profits they have been making in past years, or are they now receiving or earning profits equivalent to those earned by many other industries in this country? There was a day when very high profits were demanded in the gold mining industry in order to induce investment of so-called risk capital. Today a large part of the risk involved in gold mining has been shouldered by the federal

government. A great deal of assistance, outside of the act now under consideration, is given to gold mining by the federal government, in various ways. Today there is nothing like the risk involved in gold mining that there was some twenty-five years ago, so far as capital is concerned. Consequently I suggest that the whole position of the gold mines should be investigated, and I would urge upon the minister at this time that the government give serious consideration to the setting up of some such committee or commission. The strike in the gold mines may be over; the trouble is not over, and unless some serious steps are taken to improve the position of workers in the gold mines we shall before very long have a repetition of the trouble which was experienced in that camp during this winter.

There is another question the minister should look into, the question I raised in the former debate, namely, the extent to which the government should assume responsibility for seeing that, so long as the federal government comes to the aid of the gold mines, the workers in the mines should receive a fair share of that assistance. To what extent does federal aid go almost exclusively to the profits of the operators rather than to improving the standard of living of the miners? That is a question which needs some study.

The third question I should like to suggest, and which I shall speak on at greater length on second reading of the bill, is whether the minister considers it fair that the mines should be able to collect this subsidy on the number of ounces that would be produced in a given year were the mines not on strike. I hold in my hand sessional paper No. 78, referring to correspondence and details pertaining to the Hollinger gold mines in 1951, during which year that mine was on strike for a considerable part of the year. I notice that in arriving at the number of ounces on which subsidies should be paid the assistance is estimated on the number of ounces the mine would have produced had mining operations not been suspended for a part of the year. Last winter the unions in the camp were very anxious to know if it would be possible for the mines to collect on their 1953 operations subsidies based on the number of ounces they would have produced had the mines not been closed. I think the act permits that, and it is one feature of the act that should be considered by the minister.

We have to make up our minds whether the gold mining industry is essential to our economy. There are a great many communities across this country that are solely dependent upon gold mining. If the gold mines were closed, many hundreds of thousands of people would have to be transferred to other employment. Many, many millions of dollars' worth of property value would be lost and the business of many towns destroyed. It becomes a question whether or not we are to keep those mines operating at a loss, apparently, if we may believe the statements of the gold mining operators. How long can the government go on subsidizing that industry in the interests of the communities affected by the industry?

What would happen to our gold mines should the United States some day decide to buy no more gold? We have to study the entire question of the gold mining industry and its relations to our over-all economy. As conditions exist at the present time, and with no provision and no government policy for any improvement in this field, we can only go on paying subsidies to those mines year after year, regardless of the fact that there may be other industries just as vital to this country. The textile industry, for instance, is just as essential to our economy; it is running into difficulty and may need to be subsidized.

May I suggest to the minister that he give consideration, as was requested by delegations from the north, to the setting up of a committee or commission to make a special study of this industry; and secondly, that he consider whether or not the gold mines are going to be paid for gold they would have produced in 1953 had there been no strike.

Mr. Low: Mr. Chairman, when we spoke on this same measure in 1952 the minister concluded with this statement, as recorded at page 2448 of *Hansard*:

> The extension of the cost-aid for another two years will give the mining industry a chance to cope with their problems. We all hope, and I know that the industry hopes, that they will not have to ask for further aid. However, that can be reviewed when the time comes. As I said before, this is not intended to cure the ills, but merely as a temporary aid to assist the industry in working out their own problems.

It appears now, from what the minister has said this afternoon in his opening statement and from what I can gather from the annual report covering the Emergency Gold Mining Assistance Act, that the special difficulties under which gold mines have had to operate for a number of years continue. I think the minister put it well this afternoon when he said that the mines find themselves in a squeeze between rising costs of production on the one hand and a fixed price on

the other. In addition, of course, the mines also suffer adversely from the premium on the Canadian dollar.

There are quite a number of arguments that could be used, good arguments, for continuance of the emergency gold mining assistance that we are considering now. And it is because we recognize there are sound arguments for a further extension of this assistance that we are prepared to support the measure.

I do not intend to speak at any length because I do not think it is necessary at this stage, but I should like to run through quickly some of the arguments which have influenced me in favour of extending the measure for another year.

In the first place, there are a good many towns and cities in far-flung places in this country which have come to be completely dependent upon gold mines for their continued existence. These towns and cities have flourished for quite a long while. I recall a very pleasant visit I made to the constituency of the hon. member for Timmins (Mr. Eyre) when I went down into some of the gold mines and saw what was being done. At that time I visited the Porcupine and Timmins areas. I have in mind also a visit which I made to Val d'Or and other centres in the constituency of the hon. member for Villeneuve (Mr. Dumas). Since those areas are being well served by the cities and towns which have grown up around the gold mining industry, I think we should do all we can to ensure their continued vitality.

My second good reason is that the hunt for gold has resulted in the discovery of other important metals, and I believe every effort should be made to continue the hunt for gold in this country. I think the country is richer and more self-sufficient as a consequence of the discovery of those metals.

It seems to me that the third good reason for supporting this measure is that the search for gold has often preceded permanent settlements in a number of areas in Canada. Long after the gold veins were depleted and exhausted those settlements have persisted. I am quite aware that there are also a good many ghost towns, but the fact remains that some settlements are still thriving on a permanent basis although the gold mining has been exhausted for some years.

Perhaps the best argument that can be advanced for a continuation of this measure is that gold is the one thing we are pretty certain the United States will always buy. It appears that they have to. This is most important to Canada, in that for some years our country has had an unfavourable trade balance with the United States which our gold production materially helps to settle. I imagine that in the foreseeable future we are going to have further gold production to help settle this unfavourable trade balance, because I see little indication that the United States will feel constrained to buy as much as we would like to have her buy here.

Our people continue year after year to spend comparatively large sums of money in the United States for things which they could buy at better prices right here at home or perhaps in other places. I have been interested in the fact that Canadian people often persist in buying across the border things which they could buy more cheaply right here at home.

For example, at this very time if anyone visits the grocery stores he will see all kinds of fresh vegetables, particularly carrots. These are very appealing to the eye and I imagine they are delicious to the taste. They are purchased largely in southern California and Texas and brought to Canada. Our people buy them in preference to the commodity produced here which is pitted and kept over the winter in good shape. I find those carrots just as delightful and I imagine they are just as healthful. Perhaps they do not have quite the eye appeal since you must wash them a little, but they are cheaper.

The interesting thing to me is that our people continue to buy the eye-appealing product from the United States and commit themselves to the extent of considerable quantities of Canadian dollars. What is the result? They push the Canadian product off the market and as a consequence our production is discouraged or it rots. That is the fact and we might just as well face it. Of course, in a free country we cannot tell our people that they must not spend their money in the United States. They do it and as long as they persist in this practice we will just have to go on having these adverse balances of trade.

Another point is that we could buy carrots, tomatoes, lettuce and various green vegetables in the British West Indies and bring them to Canada instead of buying them in the country to our south. If we did that we would be supplying the British West Indies with badly-needed Canadian dollars with which they could in turn buy from Canada. At the same time we would be encouraging intercommonwealth trade, which in my opinion is an urgent necessity. In addition we would be reducing the unfavourable trade balances between Canada and the United States. It seems to me that there is a three-pronged advantage all round.

However, as long as the Canadian people do persist in spending their money as they do in the United States, it seems to me that we will have to do all we can to encourage the optimum production of gold with which to pay these bills. This is the argument which appeals to me more strongly than any of the others I have mentioned.

I think the best argument for extending to the gold mines the assistance which we now propose to extend is that it provides us with the one commodity which we can feel pretty sure the American treasury will always accept and against which they are not likely to raise embargoes, import quotas or other restrictions, as we find them doing so often in the case of other Canadian products.

Consequently we support the measure on a temporary basis. But if we thought the measure was going to be used for the purpose of eventually restoring the gold standard for our internal money system we would oppose it with all our might. However, the Minister of Finance (Mr. Abbott) and the government have committed themselves to a managed currency, which in my judgment is infinitely superior to the gold standard. It fits our type of economy much better than any gold standard could. So far as I am concerned, I feel that every encouragement should be given to continuing that policy.

For just a moment I should like to take a look at the financial aspects of the measure which I suppose will be introduced today by the minister. I gathered from what he said this afternoon, and from the annual report for 1952-53, that the total assistance paid to the gold mines from 1948, since we started paying assistance, down to the end of 1952, was $51,053,061. If we added to that the expected payment for 1953, when all the applications are in, amounting to $15 million, as the minister said this afternoon, the total would be $66 million to the end of 1953. Strangely enough, that is almost exactly the amount of money that a few years ago the federal government offered to the western farmers in settlement of their wheat claim. It will be remembered that they were up against exactly the same situation; they were in a squeeze all during the war. Their production costs had been going up steadily and they have been caught in the squeeze between these increasing costs on the one hand, and the fixed price on the other.

The wheat producers of Canada during that period were asked to subsidize cheap bread for the whole Canadian economy, and they did it without complaining. But I recall the tremendous amount of opposition which developed in this house at the time it was proposed to give the western farmers $65 million as a final payment.

An hon. Member: Not from us.

Mr. Low: Fortunately we did not hear it from the hon. members who represent gold mining constituencies. They have learned to be somewhat more charitable, seeing that they have to depend in some measure upon similar assistance. At any rate, I merely mention this because there is an interesting similarity in the amount of money involved.

About two years ago, when a proposal was made in this house that some arrangement be made to establish a support price covering the internal consumption of wheat in this country, a price which would reflect the cost of production plus a reasonable margin of profit for the farmer, the Minister of Trade and Commerce, I recall, at that time exclaimed with, I believe, some vehemence, "Never will I support the subsidization of wheat."

An hon. Member: Because of the expense to the taxpayer.

Mr. Low: Yes, because of that expense.

Mr. Blackmore: The Prime Minister took the same attitude.

Mr. Low: I draw that to the attention of hon. members to demonstrate that there is a difference in their attitude towards wheat, which is being produced in this country today by, I believe, ten times as many people as are employed in all of the gold mines in Canada. The figure is at least ten times greater, because I believe there are no less than 250,000 wheat farmers and only about 22,000 workers in the gold mines. Yet we are subsidizing the production of gold and we would not think of establishing something like a support price for wheat in order to stabilize the economy to a greater extent than has been done in the past.

I draw that to the attention of the hon. gentleman because I feel there ought to be some consistency in our policy. I am not doing this to rub it in or to indicate any opposition to this measure.

An hon. Member: It makes good rubbing, though.

Mr. Low: I make that statement merely because it indicates that those of us from the west are just a little bit more charitable than some of the fellows from the east. We are supporting this measure because we understand what it means and we are trying to keep in mind the welfare of the entire country. We believe that if, in the case of any of

these important producing industries in our country, it becomes necessary to take unusual methods to encourage their production so that they will meet the need which exists, we ought not to jump to the conclusion that we are going to rule out support. I believe support prices have their place in any economy. That, Mr. Chairman, can very easily be proved, for you cannot possibly ensure that each group within the national economy shall obtain a fair share of the national income unless something in the nature of a support price is established. I do not mean permanently, but the principle generally has to be established, and I recognize the wisdom of that principle.

We are supporting this measure because we recognize that at the present time we must give encouragement to the production of gold because, in the first place, those who are dependent upon its production need that assistance, and secondly, because we need the gold, particularly for the settlement of the adverse trade balance which we have with the United States. That is our reason for supporting this measure, Mr. Chairman, and I do not think I need say any more at this stage.

(Translation):

Mr. Dumas: Mr. Chairman, as I do not want to delay the passing of this resolution, my comments will be very brief. However, I reserve the right to speak at greater length on the motion for second reading of the bill.

Mr. Chairman, if there ever was a resolution which no one in this house should oppose and which should, on the contrary, be supported by every hon. member, it is the resolution now before us. I understand however that it is the duty and responsibility of all members to ask for information, to inquire as to the provisions contained in the bill and to make sure that the money our Canadian taxpayers have been called upon to pay because of the enactment of a measure such as this, has been well spent.

I have been puzzled, however, by the stand some hon. members have taken and I intend to make a few comments for the benefit of those who only look for shortcomings in this industry, as well as in the interest of those who might be tempted to do likewise because they fear our government is making a mistake or is giving too much assistance to our gold mining industry.

First of all, payments made under the gold mining assistance act are not so large compared to the over-all budget of our country. Neither are they large compared to the subsidies paid to other key industries to tide them over difficult periods. They are not large in comparison with the amounts the government obtains, through income tax, from the gold mining industry and the people it employs. They are not large in comparison with the total profits made by all those other industries which do business with the gold mining industry. Finally, they are not large compared to the cost of reopening those gold mines and of putting the mining centres on an active basis once they have been abandoned for want of assistance.

In all sincerity, I urge all those who are concerned about this matter to think it over before declaring themselves squarely against the passing of a bill to help an industry and a section of our population which is in dire need of such help.

Let us examine the matter calmly and unselfishly. Let us remember that the welfare of the nation as a whole always requires that citizens be satisfied with their lot.

Once the price of gold will have reached a proper level, the gold industry will occupy the place it deserves in our economy. Instead of constituting a burden for the Canadian taxpayer, it will contribute generously, as in the past, to the welfare of the nation and of all Canadians.

That is why the resolution now before the house concerns not only the gold mining industry and the mining, agricultural and other centres directly dependent upon it, but also the country as a whole.

Let no one believe that the Canadian taxpayer is willing to sacrifice an industry as important as the gold mining industry. No, never. That is why the Liberal governments that have been in power these last few years have, as we all know, legislated in accordance with the wishes of the Canadian people and in their interest.

One must not consider lightly the importance of an industry which during 1951 paid for salaries, electricity, fuel, equipment, machine parts of all sorts and buildings, the fat sum of $127 million. Nearly $69 million were paid in salaries alone.

No, Mr. Chairman, the gold problem does not concern only the gold mining industry. It does not concern solely the provinces where we find gold mines; it does not concern only towns like Kirkland Lake and Timmins, in Ontario; Malartic, Val d'Or and Duparquet

in Quebec; Ogama-Rockland and Snow Lake, in Manitoba; Bralorne, Hedley and Wells in British Columbia; Dawson and Yellowknife in the Yukon and Mackenzie river country, to mention but a few. It is a problem that concerns all Canadians and Canada as a whole.

Since the middle of 1946, production costs in gold mines have constantly increased, although technical progress and a better yield have enabled the industry to keep the increase in costs to a minimum.

The industry suffered a further disadvantage, and it is not the least. The price received for an ounce of gold not only remained the same, that is the equivalent in Canadian dollars of 35 United States dollars, but also, following the appreciation of our dollar, in terms of the dollar of our neighbour to the south, the operators constantly received inferior prices, so that, on the average, an ounce of gold yielded $34.27 in 1952, $34.45 in 1953, and went down as low as $33.76 during February last.

The Emergency Gold Mining Assistance Act is essentially intended to help the owners of Canadian mines to meet the considerably increased cost of gold, the price of which, contrary to that of primary products derived from mining or other industries, not only has not increased, but has had a tendency to go down during the last few years.

This act was given royal assent on May 14, 1948, and put into force during the years 1948, 1949 and 1950. It was afterwards amended in 1951, 1952 and 1953, and it lapsed on December 31 last.

On October 7, 1953, the Right Hon. the Prime Minister (Mr. St. Laurent) explained that the particular problems which during the past few years have confronted the gold mining industry and the communities depending on it still existed, and he announced that consequently the government intended to ask parliament to extend this legislation for another year. That was referred to in the speech from the throne at the opening of this session and a resolution to this effect is now before us.

I have always had at heart the interest of my constituents and it is for this reason that I am today well at ease to deal with this question from all its angles. The miners, the workers and the farmers of my district know of what stuff I am made and they are well aware that I have always tried to protect their interest. They recognize also that those who try to run down the industry and its leaders, while masquerading under the title of protectors of the working class, are doing them more harm than good.

I want to say again that I never miss an opportunity in this house to point out the difficult problems confronting the gold mining industry. I always did my best to collaborate with the government and the other members who have at heart the improvement of the industry and the welfare of the people connected with it.

I am convinced that by rising to the defence of the gold mines I am working in the best interest of all those who live in the county of Villeneuve, whether miners, farmers, merchants or small property owners. I feel that I have done my duty and I am determined to continue to do so.

(Text):

Resolution reported, read the second time and concurred in.

Mr. Prudham thereupon moved for leave to introduce Bill No. 376, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

VOCATIONAL TRAINING CO-ORDINATION ACT

AUTHORITY TO ENTER INTO AGREEMENTS WITH PROVINCES, CHANGES IN ADMINISTRATION, ETC.

Hon. Milton F. Gregg (Minister of Labour) moved the second reading of Bill No. 326, to amend the Vocational Training Co-ordination Act.

He said: Mr. Speaker, following the passage of the resolution on March 3 I attempted to cover some of the points that had been made during the debate but in looking over *Hansard* I find that I did not cover them all; and perhaps the ones that were covered were not fully dealt with. I am just going to mention the points, one by one, that I have jotted down and make comment on them. The hon. member for Hamilton West (Mrs. Fairclough) asked for the reason for the increase in the membership of the advisory council. The purpose of the increase is to provide for representation from all the provincial governments and at the same time to have enough vacancies so that other national bodies within our Canadian community may have representation on the board.

Then she asked this question: Under whose auspices will the training be given? The training will be given under the auspices of the federal-provincial training program known as the Canadian vocational training program and the trainees will be selected by special committees representing the federal government, provincial governments and the social agencies concerned with the individual trainees.

Then she also asked this question: Is it planned to confine this training to schools or will some rehabilitation centres be authorized to give training? The answer to that question is that all available training facilities will be used as they may be required, including schools, existing rehabilitation centres and, I would hope, future rehabilitation centres. The question was asked: Will training be given along apprenticeship lines? The answer is yes, and also along any line that may be required to meet the needs of the trainees. I am now of course speaking exclusively of disabled persons in need of rehabilitation training.

I made some reference the other day to what my friend the hon. member for Cape Breton South (Mr. Gillis) had said. He asked me few direct questions but he said this, and I am going to quote his words as reported at page 2625 of *Hansard*:

> I am concerned about giving the boy who had to leave school before reaching the eighth or tenth grade a chance to go back for a year and pick up the knowledge of mathematics necessary to get into a trade course.

That is the end of what I will quote.

Even though, as I stated the other day, the suggestion made by my hon. friend falls pretty well within provincial jurisdiction, I consider that it is a very important one. To answer with some optimism, I think it is true that the provincial governments are all trying quite hard to encourage their young people to obtain a well-rounded basic education. To this end some encouragement is given by the very terms under which family allowances are paid. But I can hear my hon. friend saying that that is all right but nevertheless they are leaving school—too early in many cases—to help their large families of brothers and sisters from what they are able to earn.

As a matter of fact he brought such a young man to see me just the other day. But I think I can tell him that by full utilization of the Vocational Training Co-ordination Act provincially and federally—and I am not saying that it is being utilized fully—a great deal could be done to meet the needs of the young people about whom he is greatly concerned. So far as the officials of my department are concerned, they are very anxious to utilize it to the greatest extent.

The hon. member for Brandon-Souris (Mr. Dinsdale), in addition to questions which I answered, asked whether there would be financial assistance for agricultural schools for rural young people who lack the advantage of a formal high school education. Under the provisions of the youth training schedule established under the act, such training is given through short-term courses in the winter months. Vocational courses in agriculture in secondary schools are also assisted under the vocational schools assistance agreement. All financial assistance is given through the provincial governments and is usually shared fifty-fifty. He also asked whether financial assistance is possible for a large school area program. By "large school area program" I take it that he refers to what some provinces term regional high schools, a large school which takes in a large country area. The answer there is no, not in full, but any vocational courses included in such a large school area program might be eligible for assistance.

He also asked whether there is any provision in the act for vocational guidance. I said the other night that the only means I knew of by which federal assistance in training personnel in vocational guidance was given was under the physical fitness program of the Minister of National Health and Welfare (Mr. Martin). However, I was reminded afterwards that in the federal Department of Labour we do provide assistance to the provinces to some extent by supplying occupational monographs on various skills and by providing special film strips giving occupational information.

The hon. member for Wellington South (Mr. Hosking) inquired as to what proportion of the cost of vocational schools the federal government is prepared to pay. I think I answered the other part of his question the other night. Normally the federal government refunds to the provincial government up to 50 per cent of the cost of approved vocational school buildings and equipment. All such expenditures are of course subject to the limitation of the funds that may be voted by parliament from year to year.

The hon. member for Vancouver-Quadra (Mr. Green) asked if the scheme was wide enough to provide retraining for merchant seamen. I think I answered that question the other night. He also asked what changes are to be made in the training given to men and women in the defence forces. No

changes whatsoever are visualized under this bill. I think that covers most of the questions. After the debate on second reading is concluded I should like to move that the bill be referred to the standing committee on industrial relations, not because it contains any particularly difficult sections but because there may be some relevant matters that members of the committee would like to look into more fully. In addition, they may wish to have officials appear before the committee to answer questions in detail.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I am glad the minister has announced that he intends to send the bill to the standing committee on industrial relations for study. I have examined the bill, and everything suggested in it is an improvement over the old act, which indicates that the department has at least been giving some study to the matter. I consider the question of vocational training to be a very important one. It has much more importance than a lot of people in the provinces attach to it. I have looked at the 1953 figures for immigration, education, employment and job vacancies. Anyone who does so will realize the need for study. I also want to emphasize that we are not living in a time when we can sit back, throw old slogans at people and say that there is a solution in those slogans. We are living in a world that is going through a revolution. We in Canada and on the whole North American continent are living in a time when we may have to start retraining many people who have been in certain industries for a long time.

In my judgment the basic job that we have to do concerns the Vocational Training Co-ordination Act. We have made a start on it but it requires further study and other mechanics must be devised. Without elaborating on this angle too much, I want to point out that the 1953 figures for education show that only 40 per cent of Canadian students got through high school and only 10 per cent of that 40 per cent to university. These are national averages. That means that 90 per cent of the children leaving school in Canada today are in need of further training. That alone indicates that there is a job to be done in this field.

I looked at the immigration figures. We are bringing a lot of people into the country. I think the average is 160,000 a year. Unemployment insurance commission figures show that as of May, 1953, there were 407,000 registered unemployed but alongside that there were 338,000 job vacancies involving the filling of jobs largely in the skilled trades. When you consider that 90 per cent of our children leaving school need further training, and couple with that the immigration figures of the number of unskilled personnel we are taking into the country and the wide open field for skilled tradesmen as indicated by the official figures, it definitely points up the need for the committee to sit down and take a look at the whole problem.

The original act, as suggested in the 1945-1946 report, was a pretty realistic approach to the problem. I have looked at it section by section, and one thing was recognized very definitely. If you look at page 16 of the vocational training report for 1945-46 it will be found that some pertinent observations are made on this subject of prematriculation schools. This is something that has not been followed up in connection with the whole program of vocational training. Then again, if you look at the report for 1948-49 it will be found the minister is correct when he points out that much of the responsibility for taking advantage of the mechanics laid down in the Vocational Training Co-ordination Act rests with the provinces. The fact is that the provinces just have not gone out and made use of this type of training, as they could have.

In discussing this subject hon. members will, of course, express pride in their native provinces; and if a province is doing a reasonably good job it is understandable to hear an hon. member pointing out what his province is doing. But I do suggest to some hon. members I see across the floor of the house, who are pretty well qualified in the field through having had jurisdiction in provincial administrations, that we have to sort out what we mean when we talk about vocational training.

In my judgment vocational high schools do not fit into the picture of vocational training, except in so far as they can give the student the academic education required to enter some trade. A considerable number of vocational high schools have been established across the country; but in my view the vocational high school is a short-cut and an easier way to get money for the purpose of building schools. It presents less difficulty than facing up to the necessity for a trade school that will turn out skilled tradesmen who are able to take a job. In most vocational high schools —and they are found in every section of every province—an automobile will be placed in a classroom for the benefit of the students. By the time they spend a year in the class they may discover that the engine has six cylinders, but they do not have sufficient information to go out and take jobs as motor mechanics.

We must sort out our thinking on the subject and, in most provinces, we will have to retrain adults who may have been in

industry for a long time. I think in particular of the textile industry. Mills are being closed and whole communities are faced with total unemployment. Those people cannot be expected to walk out of an industry in which they have been engaged for years and take work in another with which they are not familiar. In many communities in which there are industrial casualties, in this process of free competition, the workers will have to be retrained. That cannot be done with the sort of training offered in the vocational high school.

In my opinion this is the big problem facing us. I might also make reference to the coal industry which, because of technological advances and the introduction of oil and gas, is being scrapped. We cannot run away from this problem, and some retraining will have to be done in the coal industry. Only a few nights ago the president of Dominion Steel and Coal company said that he considered the coal, steel and textile industries in the maritime provinces to be depressed industries. A good deal of retraining may have to be done in the steel industry.

When the committee gets down to business it will have to realize that it is not possible to have equality of opportunity in any phase of our educational program, unless there is some arrangement between the federal and provincial governments whereby equality can be established. It must be kept in mind that all provinces in Canada do not have the same per capita incomes. While British Columbia and Ontario might be able to do an excellent job, there are other provinces who cannot participate in the 50-50 proposal for the setting up of trade schools or, indeed, any other kind of school.

Provincial governments in that position will have to sit down with federal government authorities and work out some arrangement whereby the problem can be met. There is not the same need in every province for retraining and vocational training generally. The problem will be much greater in those provinces least able to handle it, and we are going to have to make special arrangements in this regard.

Looking at the net revenues of the various provinces as revealed in their budgets for 1954, which appeared in the press, one is confronted with the following figures:

Province	Net Revenue
Newfoundland	$30,947,000
Prince Edward Island	7,044,000
Nova Scotia	45,942,000
New Brunswick	45,388,000
Quebec	289,275,000
Ontario	333,486,000
Manitoba	53,119,000
Saskatchewan	85,094,000
Alberta	125,483,000
British Columbia	182,061,000

This difference in provincial incomes proves definitely that there is no possibility of equality in this matter, as between province and province, without some special arrangement being made with the federal government to meet the cost.

Then, in a province such as Ontario we find organizations such as the Atkinson charitable foundation, which assists greatly in the field of education. While I am not going to discuss the figures in detail, the report for 1953 indicates that a large amount of money is being allocated to special educational projects that are of great assistance to both the provincial and the dominion governments.

However, this is not found in some of the other provinces. The Atkinson fund is limited to Ontario. For this reason Ontario is able to do more in the field of education than another province which does not have the support of organizations of this kind.

If anyone looks at the list of responsible organizations across the country that are making a particular study of the subject, he will see listed the Canadian welfare society which, in its last report, makes definite recommendations in the matter of unemployment, retraining, and youth leaving school who require more training. All these are matters our committee should study.

I hope this time we will do a real job in the field of vocational training because, in my opinion, it is basic to the future of our country, and is badly needed.

In the memorandum presented to the government recently by the Canadian Congress of Labour they ask for the calling of a meeting of representatives of provincial governments with a view to establishing some degree of uniformity in the matter of apprenticeship training, vocational training and the like.

When this committee begins its sittings I do not think it should try to do the job in a hurry. When the committee is in session those responsible for handling vocational training in the different provinces across the country should be called before it in order to determine just what are the limitations in the provinces in regard to meeting the commitments under this act, because certainly there is something wrong when a better job is not done.

There is some set-up in Nova Scotia. I went to the trouble of getting in touch with the minister's very efficient officials who handle the matter, and it did not take very much paper to give me the facts on vocational training in Nova Scotia. However, something is established there on which you can build. They have vocational high schools

also, but I was not concerned with vocational high schools; I was concerned about the trade training schools.

A lot of confusion exists on this subject. Many people think if they have a number of vocational high schools it is the answer to the problem. Nobody coming out of those vocational high schools can walk down to the unemployment insurance office and say he is a mechanic, a bricklayer or a carpenter. The individual has to get into one of those trade training schools, or he has to get into some industry under the apprenticeship plan and serve his apprenticeship on the job. It is a good type of training, but it is completely within the hands of the employers of this country. It is a different proposition when you come to get boys and girls into industry for the purpose of training on the job. There are a lot of roadblocks to overcome.

In those trade training schools, such as the one in Halifax, a boy or a girl can enrol and be completely trained as an automobile mechanic, a machinist, a carpenter or a bricklayer and he or she can command the wages that are paid in that particular trade. I recall the school that was set up at North Sydney, which is now unfortunately limping along on one foot. I think one course is still given there. Most of the equipment has been shipped away.

Mr. Small: It is next to defunct?

Mr. Gillis: Just about, but during the time it did function it was set up primarily to train service personnel. They did a very good job there in turning out carpenters and bricklayers. Bricklayers have been turned out there. I have questioned some of the men at the steel plant as to whether the graduates of that school were good, bad or indifferent. They told me that they were first-class. They had one in that plant who commanded top wages. They were considered good tradesmen.

The school at Halifax is still functioning. There are classes there. I notice, as an example, that at Halifax several are studying aircraft sheet metal work. Forty-seven were learning that trade; in machine tool operations there were 46; in welding, 40; in aircraft technician work, 36; electricians and construction, 67; machinists, 70; plumbers and pipefitters, none in the class; steamfitters, none.

That centre is at least operating, but from the information I have received I am reasonably sure it is labouring under difficulties. It is the only one that is functioning now. The buildings that were used by the trade school at North Sydney are still there. Most of the equipment is still there. There is a supervisor in Nova Scotia who is looking after the whole thing as best he can. That school should be re-equipped.

The island of Cape Breton is one of the largest industrial centres east of Montreal. Many boys and girls who have gone through school need some special training. As the minister well knows, it is difficult for these boys and girls who come to this part of the country, when they get out of employment, to fit into other occupations. When they get out of employment on some labouring job they are stuck. They cannot take advantage of anything else. They come in to see you, and under those circumstances it is difficult to know what to do about them. There are hundreds drifting around the country today.

I am hoping that we shall not be in any hurry in giving final approval to this bill. I hope we will take a look at the whole vocational problem, that we shall call in representatives from the different provinces who are associated with the administration of this program and find out the difficulties they have to contend with in matching dollars in setting up the type of organization that is necessary to cope with the problem that is developing today.

This is one of the biggest jobs we shall have in the next couple of years. We shall have to see that adequate facilities are provided to take care of this problem of training boys and girls and those who may be displaced in other industries, to fit them for other vocations where they will be able to earn a living.

I would also suggest at this time that the Minister of Labour (Mr. Gregg) might have dinner with the Minister of Citizenship and Immigration (Mr. Harris). With things developing as they are in the field of employment in this country, the minister should take a look at this matter of immigration. Our immigration should be on a more selected basis instead of just taking in a certain percentage of unskilled individuals. We have a large number of those now. To say that we are going to take in 185,000 next year, regardless of conditions in the country, is to be unrealistic. That problem dovetails into this whole picture.

I am a member of the committee, and as far as I am concerned I am not going to be in any hurry to get the evidence we need to make the adjustments that are necessary. We should be prepared to sit around that table for a long time and get all the information and advice we can so we may be able to get a working organization in this country, and also to clear our minds on the question

of apprenticeship, trade training and vocational high schools, because they are entirely different training.

In the field of actual trade schools we could do what we were doing during the war in bringing boys and girls up to a certain standard in certain subjects that were necessary in order to get them into some particular vocation. Pre-matriculation sections in the regular vocational training school are an absolute necessity. I hope this whole question of education, with particular reference to this problem, will be handled in a different way. I suggest that the provincial governments should sit down and rearrange their prejudices. They should try to do some serious and realistic thinking on this whole question, because you cannot sit on the prejudices of the past and improve the future, and I am afraid that is what is going on in many of the provinces in the whole field of education.

Mr. F. T. Fairey (Victoria, B.C.): Mr. Speaker, I do not intend to speak at any great length upon this bill. Before I do address myself to this question may I say that I could not agree more with anybody than I do with the hon. member for Cape Breton South (Mr. Gillis) in most of the things he suggested a few moments ago.

With respect to the bill itself, there are just two points which I would like to bring to the attention of the house. One I think will satisfy all. That is the provision which permits representation on the advisory council of all provinces in Canada.

Where we are working in co-operation with the provinces it is time, as the last speaker said, that all should be present at council meetings so we may have their views and the benefit of their advice.

The second important amendment is the one which provides for training programs for the rehabilitation of the physically handicapped. I spoke at some length on this point at the resolution stage, and pointed out that in this and every country there are thousands of young men and women who are physically handicapped, maybe from birth or because of industrial accidents, disease or some other cause. Normal occupations are denied to them, but through retraining they can be made self-supporting and therefore, as I said before, self-respecting. There is a tremendous opportunity to do a great work in this field. It is encouraging to know that the provisions of the act are to be enlarged to make this possible.

That is practically all that is in the bill. The act which it amends provides for many of the things mentioned by the hon. member for Cape Breton South. If I may I should like to comment upon some of his remarks. First, there is provision in this bill—it has been done for years—for the retraining of those whose former occupation is now denied them, and where the necessity has arisen for transfer to new occupations. That has been done and is being done.

I should like to remark upon the suggestion that vocational high schools are not the answer. That is perfectly true. Vocational high schools are supposed to provide young people an opportunity to find themselves, the 90 per cent of our school population who will have to earn their living in the workaday world, who will not go forward to the universities. These people have to be trained vocationally. By the way, may I remark that I would like to know what kind of education is not vocational. Even university education is training for some vocation, although perhaps "vocation" is not dignified enough for university people.

Nevertheless, for the 90 per cent of our young people who do not go through university, who have to go out to work, vocational high schools are intended to provide a background. It is what we sometimes call the finding process, during which young people through proper guidance can determine for themselves the employment into which they should go. When I say "should go" I mean because of their particular aptitudes or because of their particular training.

They are not intended to provide the world with mechanics. No school ever pretends to turn out mechanics. I go further and say that no school can turn out mechanics. I even doubt that that can be done by a trade school. No instructor in a trade school pretends that without the environment of the industry itself a young person can feel fully at home in any trade. That is why under this program we have followed the practice of trying to establish what we call plant schools for training on the job, and why under the present act we have provision for apprentice training. This is done in every province, in different ways it is true because the conditions are different. In every province in Canada there are courses for apprentices. I am sorry if I seem to be usurping the function of the minister, who will reply to this later on. The hon. member for Cape Breton South mentioned a course in coal mining. We tried to do the same thing in British Columbia, but I think he will agree with me that you cannot train a coal miner in a school.

One important contribution the hon. member made was to refer to the difficulty we have always experienced in the matter of

equality of opportunity. Due to the inequality of financial resources the richer provinces naturally can provide better facilities than those not so well favoured. That is why the council was established to advise the minister. It is an advisory council. The council has wrestled with this problem for several years, and I think it likely that some concrete suggestions may come forward from it this year so that the participation of the federal government will not be as it was in the past but may in some measure meet the objections which my hon. friend mentioned.

I have already mentioned apprentices. There is a good field there. The council which is to be constituted under this amending bill will, as I have said before, be representative of all the provinces. Therefore we shall be able to get a broader concept of the needs of the country as a whole and each province individually will be able to place its views, and advice before the minister.

I think this is just a step. I agree wholeheartedly with my hon. friend that vocational training is a major and important undertaking in this country. We have only just begun it, and it must be developed. Perhaps I might remind you of what I said at the resolution stage. Once we get the door to federal participation open some of us are ready to give it a little push and open it a little wider.

Mr. Gillis: May I correct the record. The hon. member says you cannot train miners in a school. I agree with him. However, despite their experience in British Columbia there was a good school established underground by the coal mining industry in Nova Scotia. This did an excellent job during the war and should have been continued.

Mr. L. D. Crestohl (Cartier): Mr. Speaker, I should like to make one or two observations on this matter. I feel like the hon. member for Cape Breton South and all those who are of the opinion that not sufficient attention is being given to the value of vocational training schools generally. I am pleased to see that the minister has now introduced a measure which may enable us to highlight the importance and the value of vocational training.

The hon. member for Cape Breton South referred to the fact that people coming to this country require training. Veterans returning from duty overseas, who have been away from their work, will need training if they intend to go into the trades. This country must keep abreast with mechanical progress, and that can be done only through vocational training.

We face the problem that the provinces are continually setting up by legislation joint committees or boards before which young people must appear to obtain what are called competence cards to qualify them for employment as bricklayers, machinists, electricians or carpenters. The people making up these boards which deal with competence cards are often those employed in the particular trade, and they may feel they have a certain vested interest in suppressing competition in that trade, and are apt to create difficulties for people who want to enter the trade. I feel that the creation of a system of vocational training schools would perhaps improve the present procedure under which young people must qualify for employment in various trades.

If, for example, a person graduates from a recognized trade school as an electrician or a carpenter and obtains a diploma from that school which, in effect, declares that he is now a competent carpenter, electrician, bricklayer or barber, that should be sufficient to enable that individual to qualify for a job in that particular trade. He should not again be subjected to scrutiny by a group of superexaminers within that trade who might be interested, as I pointed out, in forestalling competition and therefore might unfairly review a man's competence. To my way of thinking, the establishment of schools where people can be trained is not unlike the establishment of a system of universities. The previous speaker very properly pointed out that 90 per cent of our people do not attend universities. Yet, though I have not the figures with me, I believe we will find that a far greater proportion of money is expended in training the remaining 10 per cent of our population in the professions than is expended in training the 90 per cent in the trades in a form of skilled labour, which I believe, is the very basis of the future of this country.

For that reason, Mr. Chairman, I would like to commend the minister for introducing this amending bill at the present time, particularly with regard to that section of the bill which makes it possible for veterans to acquire training. Our men who are overseas away from their work, who in their formative years at the age of 19, 20, or 21 went into military service, have not had a proper opportunity to train themselves for the future. When they return four or five years later it is extremely helpful to them if they are able to enter a vocational school, if not a university, where they will become trained, equipped, and able to take their place in society. I consider that is a very helpful amendment to the present act.

Earlier in the session I placed a resolution on the order paper in which I asked the government to consider introducing legislation to allow as an exemption from income tax the fees which are to be paid to vocational training schools. I lay great emphasis on the fact, Mr. Speaker, that helping people to help themselves and making it possible for that 90 per cent of our population to become trained, self-respecting and self-supporting citizens, is one of the greatest duties we can possibly perform. If we shall encounter difficulties with the provinces on the constitutional aspect of this matter I am quite prepared to go along with the hon. member for Cape Breton South in suggesting that perhaps some federal system of vocational training schools should be created. Perhaps some conference can be held at which the federal authorities will be able to work out a method of closer co-operation with the provincial authorities so that the proper emphasis, the emphasis which the subject deserves, can be placed on creating adequate, competent, and satisfactory vocational training schools in Canada.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, I was very glad indeed to hear the remarks of the hon. member for Cartier, who has just taken his seat, and generally I am in agreement with what he said. We know, of course, the difficulty we encounter in this country when we talk about federal participation in education, or federal grants to the provinces for the purpose of education. I am not thinking of vocational training as being education in the ordinary sense of the word, but it seems to me that no matter what branch of education we discuss, whether vocational or otherwise, we have to bear in mind that the provinces are not training or educating citizens for the province of Ontario or Saskatchewan or Quebec, but for all of Canada. In the same manner in which transportation crosses the provincial boundary lines, so also does this matter of training and education cross these provincial boundary lines.

In this regard I have in mind particularly the maritimes, from which the hon. member for Cape Breton South comes, and I am thinking of the great contribution to education which has been made by individuals from those particular provinces, those educators who went into the west when we did not have schools and universities to the extent they had them in the east. Perhaps we are catching up or even surpassing them now. Most of these men spent a greater amount of time in these other provinces than in the province where they received their own training. When our boys who were trained in vocational schools went overseas they were not considered as citizens of the province of Saskatchewan or Manitoba or Quebec or Ontario, but as citizens of Canada and they fought and worked under the proud insignia of the maple leaf of Canada.

I am glad there has been a widening in the scope of this act, particularly with regard to clause 2 (e). I know this is not the time to examine the clauses of the bill separately, but I merely wish to emphasize my agreement with the widening of the act in that respect.

Over the past few years, I believe as the result of the war, I have discovered that we have been getting some sympathy from the dominion government in such matters as this when the object is military or perhaps scientific. I have in mind such things as scientific research. The government has been not generous but perhaps ungrudging in its support of the scientific activities of schools and universities when the country is in need of men who are thus trained, and when it is obvious such training must be supported. It is a good deal more difficult to get them to move on the question of academic scholarships; but that, of course, I should not deal with here.

The clause in which there has been a widening of scope, and to which I referred, concerns not military but civilian matters. I inquired of my hon. friend, and I did not have time to receive an answer, whether this improvement was to be applied to the vocational training of nurses. I believe there is a distinct need all across this country and in every province for nurses. There was a time, of course, during the depression when nurses huddled together perhaps in a boarding house, and sometimes three or four of them had to live together. They were lucky if one or two obtained a day's work during the entire week. Like our friend in Molière's "Le médecin malgré lui":

Nous avons changé tout cela maintenant.

But we have changed all that now and it is a good thing. Nurses are at least given a training, and they are receiving decent wages and live under decent conditions. It is now five o'clock and I see Mr. Speaker is slightly uncomfortable in his chair, so perhaps I had better call it five o'clock.

Mr. Deputy Speaker: It being five o'clock the house will now proceed to consideration of private and public bills.

PRIVATE BILLS

NIAGARA GAS TRANSMISSION LIMITED

The house resumed, from Friday, March 12, consideration of the motion of Mr. Hunter for the second reading of Bill No. 325, to

authorize Niagara Gas Transmission Limited to construct, own and operate an extra-provincial pipe line.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when this debate was adjourned on Friday last I had just come to the point of making certain suggestions to bring about the objective which I feel sure the great majority of the members of this house have in mind. That objective is to make it absolutely certain that the passing of this bill and the subsequent actions of those who are sponsoring the bill will not interfere with the construction of the much greater project, namely the natural gas pipe line from Alberta across Canada to the provinces of Ontario and Quebec.

I had pointed out that the Minister of Trade and Commerce (Mr. Howe) had one suggestion to offer. I think it was a good one, though I doubt whether it meets the need. He suggested that in the standing committee there should be written into the bill an amendment to the effect that it would not come into force until an agreement had been signed between Niagara Gas Transmission Limited and Trans-Canada Pipe Lines Limited and that agreement had been filed with and approved by the board of transport commissioners.

My first suggestion is that Trans-Canada Pipe Lines Limited build this pipe line from the centre of the Niagara river to the city of Toronto. They already have a charter which is broad enough to enable them to undertake that work. If they actually build the line and own it, there can then be no doubt that Consumers' Gas Company of Toronto would not be in a position to interfere with the larger project. If the pipe line were built by Trans-Canada Pipe Lines Limited there would then be no need to pass this private bill because Consumers' Gas Company would then not have to build a pipe line. I place that suggestion before the government and before those members who will be on the standing committee on railways, canals and telegraph lines, as one way of making dead sure that Consumers' Gas Company cannot interfere with the construction of the Trans-Canada line.

My second suggestion is that the government give consideration to taking power to control the import of natural gas into Canada, just as they now have the power to control its export. As hon. members know, there is in existence a statute known as the Electricity and Fluid Exportation Act. It is chapter 93 of the Revised Statutes of Canada, 1952, and it provides for effective control by the Department of Trade and Commerce of the export of electrical power or energy and also of petroleum, natural gas, water or other fluid, whether liquid or gaseous, capable of being exported through pipe lines or other like contrivances.

In that statute there is the clear-cut power to control exports. I think this new development is of such a nature that consideration should be given to taking similar power over imports. If that power were in existence there could then be no possibility of Consumers' Gas Company blocking the Trans-Canada project by piping in this gas from the United States.

The Americans have power to control both export and import. I have here their natural gas act. Section 3 reads as follows:

> After six months from the date on which this act takes effect no person shall export any natural gas from the United States to a foreign country or import any natural gas from a foreign country without first having secured an order of the commission authorizing it to do so.

The reference, of course, is to the federal power commission of the United States. The section of the act continues:

> The commission shall issue such order upon application, unless, after opportunity for hearing, it finds that the proposed exportation or importation will not be consistent with the public interest. The commission may by its order grant such application, in whole or in part, with such modification and upon such terms and conditions as the commission may find necessary or appropriate—

Then there is this further power which I would point out to hon. members:

> —and may from time to time, after opportunity for hearing, and for good cause shown, make such supplemental order in the premises as it may find necessary or appropriate.

It is under that last portion of the section that the federal power commission of the United States can shut off the gas which is being exported to Canada if it can be shown that in their own country there are people who need that gas. I therefore suggest that the second way of making sure that the Trans-Canada project is not interfered with by the importation of United States gas would be by amending the Electricity and Fluid Exportation Act.

So much for suggestions as to what could be done. I now wish to make a suggestion concerning the manner in which this bill is dealt with in parliament. There is coming from the other place another bill which amends the charter of Trans-Canada Pipe Lines Limited. In view of the fact that both these companies are involved in this question, I think it would be wise to have those two bills considered at the same time by the standing committee on railways, canals and telegraph lines. The members of that committee can see that the various witnesses are called, the two bills can be studied

together, and in that way we can go much further in making sure that the smaller project is not going to kill the larger one.

Finally, Mr. Speaker, there is one feature I should like to point out to the Minister of Transport (Mr. Chevrier) because the Pipe Lines Act comes directly under his jurisdiction. This bill now before us is not one asking for incorporation. It is a bill merely giving to a company, which has already been incorporated under the Ontario companies act, power to construct pipe lines. All the other pipe-line bills that have been passed by parliament have been bills granting charters. They have been in complete form, so the members could amend the charter and the Companies Act of the dominion applied.

Here we have not that situation at all. These people went to the registrar of companies in Ontario and merely obtained registration there. Now they come to this parliament and ask for a bill authorizing them to construct a pipe line. The whole intention of parliament in dealing with these pipe lines was that there would have to be a charter granted by a private bill. As I say, that procedure has been followed in every other case. The minister himself made it quite clear that that was his idea as to the procedure under the Pipe Lines Act, when he put through the amendment to the Pipe Lines Act in December last. I am now quoting from page 621 of *Hansard*. I had asked him a question and he had this to say:

> As I understand this amendment, it is still necessary for extra-provincial or interprovincial pipe lines to seek authority from this parliament by way of a special charter in order to apply to the board of transport commissioners for its location.

That is exactly what has not been done in this case. As a matter of fact this company was incorporated on the 11th of September, 1950, over a year after the Pipe Lines Act had been passed. Therefore the Consumers' Gas people must have known of the requirements of the Pipe Lines Act, but rather than come here to get a charter they formed their company under the Ontario companies act and now they are merely coming here to seek passage of this very short bill which gives them power to go ahead and construct a pipe line. That means that if they can get away with that, anybody else can. It would mean that a company could be formed under the British Columbia companies act and take the power to construct pipe lines, and then it would only need to come to this house and get a skeleton bill passed such as we have before us today.

I am quite sure that such a procedure is against the intent and the spirit of the Pipe Lines Act. I think the minister should inform us whether he approves of a course of this kind being followed rather than having a proper charter approved by the Senate and the House of Commons in the shape of a proper bill.

I have nothing further to add. I place my two suggestions before the house. They may not be a solution. On the other hand, I think either one of them would meet what we all desire, and perhaps the government will see fit to take action along at least one of the lines suggested.

Mr. Chevrier: May I ask the hon. member a question? From the legal point of view what difference is there in his mind between the method of procedure by way of charter and the method of procedure in this bill?

Mr. Green: If I may answer that, Mr. Speaker, one very important difference is that when some of these other bills came before the committee we amended one of the sections to provide that the pipe line must be built in Canada. That has been done with quite a few of these bills. But it cannot be done under this particular bill, because it does not contain the powers at all. It merely provides that a company which has already obtained its powers from the Ontario legislature can go ahead and build a pipe line. I do not see why there should be that discrimination. If other people have had to come here and get a proper charter, then there is no reason why these people should not do the same thing.

Another feature is that much of the control of Niagara Gas Transmission Limited is under the Ontario companies act whereas if they had a proper charter, as others have, the control would be under the dominion Companies Act. I think that is where it should be.

Mr. Solon E. Low (Peace River): Mr. Speaker, I do not wish to speak at any length because I feel that the hon. member who is sponsoring the bill will want to get it through. But there are two or three things which I believe should be on the record, and I should like to indicate the position taken by the group I represent with respect to the bill now before us.

First I want to comment very briefly on something said on Friday last by the hon. member for Cape Breton South (Mr. Gillis). He made what I thought was a justifiable complaint when he said, as recorded at page 2948 of *Hansard* of March 12:

> I do not consider that a national project is in the best interests of this country if certain sections are going to be injured or thrown into complete economic chaos without consideration being given as to what compensations are going to be made in that area for the acceptance of what is loosely termed a technological advance.

What the hon. member had in his mind was doubtless the failure over the years of governments, the coal industry and others to adjust themselves to what was sure to come in the near future. I think he saw that we have never adopted a well-defined national fuel policy into which we have attempted to integrate the various factors that now affect some parts of the country adversely and some parts the other way. The part of the country my hon. friend represents will doubtless be adversely affected by the building of a trans-Canada pipe line. There is no question about the fact that some part of the coal market that has been enjoyed by Cape Breton and Nova Scotia generally will be taken away when western gas is piped into Ontario and Quebec markets.

It looks to me as though this possibility could have been foreseen years ago and some provision could have been made to compensate those parts of the country which will be adversely affected. I have in mind, for example, that while we were subsidizing the expansion of the steel industry in Canada perhaps more attention could have been paid to establishing such expanded facilities in the province represented by my hon. friend. I do not think we took too seriously the needs of Nova Scotia at the time. I have in mind that when the Trans-Canada pipe line gets under way we are going to need quantities of very large steel pipe of a type that few mills in Canada are prepared to make today. It seems to me that it could have been possible through some compensating policy for the mills of Nova Scotia to be equipped under a government-subsidized program to make this large pipe so we could have not only a Canada first policy with respect to a pipe line but also a Canada first policy with respect to providing the materials with which the pipe line is to be built.

If a subsidy is going to be paid in any way, directly or indirectly, in connection with the building of the trans-Canada pipe line, I certainly would suggest that it be paid to assist our Canadian mills to provide materials so that we may have Canadian materials going into a Canadian pipe line. I would oppose strongly any subsidy by way of taxation reduction or anything else with respect to the supply of pipe or other materials going into the pipe line if they are brought from the United States or any other country. That brings me to this point, that we have consistently followed a Canada first policy that goes beyond the mere provision of an all-Canada pipe line.

I should like to say briefly that I agree with the suggestion the hon. member for Cape Breton South has made. But I also agree with the hon. member for Vancouver South (Mr. Philpott) who the other night drew attention to the fact that the coal industry had failed dismally to meet the challenge of the times, in that it had not attempted to process its product so as to make it easily transportable and storable without disastrous loss. They have not done very much to help themselves; I hate to admit that. I believe there has been shortsightedness all round.

In connection with the proposal now before us I should like to place on record the attitude taken by the people in Alberta —and when I refer to the people in Alberta I am speaking about those in official positions who have to make decisions with respect to the export of natural gas from that province. It has already been pointed out that the building of the Niagara Gas Transmission Limited pipe line might seriously affect the success of the Trans-Canada pipe line. The Trans-Canada venture is a tremendous thing, one that staggers the imagination. We are told it will be capable of transporting 540 million cubic feet of gas per day, and that the cost will run to something like $300 million. The effort is perhaps the biggest of its kind in the world's history.

Niagara Gas Transmission Limited, whose application we are now discussing, will transport something like 23 million cubic feet per day, which is puny by comparison. One is inclined to ask himself how a short line of this kind, transporting only 23 million cubic feet a day, could endanger the success of the bigger enterprise. Well, it could; I do not think there is any question about that, particularly if the company that is going to take gas from Niagara Gas Transmission Limited were to take the stand that its franchise is permanent, or that it would continue for more than the period of 20 years for which the agreement is supposed to be made, or were to consider that there would be no restriction on the continuation of the franchise. I should think a situation of that kind might possibly endanger the financing and the success of the Trans-Canada venture.

To our way of thinking, however, the pipe line we are now considering is desirable, in spite of the fact that there may be some dangers involved. Niagara Gas Transmission Limited will bring Louisiana natural gas into the Toronto area two or three years ahead of the arrival of Alberta or other western Canada gas, making it possible for Consumers' Gas Company, the distributing company, to build up a market for natural gas in readiness for the western product when it does arrive. For that reason this bill should be passed through parliament as

quickly as possible, so the construction of the line can proceed and perhaps be completed this year. I understand there is a possibility that it can be, if orders for steel can be given soon.

However, we agree with the Acting Prime Minister (Mr. Howe) when he says that some form of coming into force clause must be written into the bill before it is passed so as to safeguard the interests and the position of Trans-Canada, the major venture. The clause should spell out the guarantee that the import of gas by Niagara Gas Transmission Limited will be tapered off as soon as western gas is made available, and that the flow will be reversed, if it is found to be desirable and economically and otherwise feasible.

At this moment, however, let me say emphatically that the eastern United States would provide the poorest possible overflow market for western gas; I do not think there is any doubt about that. It simply is stating what must be self-evident to say that the eastern United States is the most highly competitive market possible for our western gas. The middle west is a far more valuable market for Alberta producers than the market in the eastern United States would be. So when we talk about reversing the flow through the Niagara Gas Transmission Limited line I am of the opinion that we would be trying to get into a market so highly competitive we might find ourselves in difficulty. And so I am not at all enthusiastic about the reverse flow idea through this proposed pipe line. I am much more concerned about the provision of middle and far western United States markets for overflow Canadian gas. And I hope that point will be kept in mind, because we simply must take into consideration the economics of this whole enterprise, something which I fear is sometimes forgotten or overlooked.

Economics must be kept in mind because Alberta producers must never find themselves put in a squeeze so that the wellhead price would interfere seriously with exploration and development. We need that development constantly; otherwise we are not going to find the reserves of gas that will be required to keep a transmission line, like the Trans-Canada line, in operation for the years it will be required.

In closing I would say we hope the bill will be passed as quickly as possible, because the season is advancing and the company needs to know whether it can make application for the steel and get into the field in order to complete the building of the pipe line this year.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I had not intended to take part in this debate. However, as the department with which I am associated is very closely connected with the development of the natural resources of the country I think it is in order for me to state briefly what we think would be an orderly development of the natural gas resources in Canada.

As we all know, the natural resources belong to the provinces. Until Alberta declared it had a surplus of gas for export, this government had no gas to deal with. However, as soon as Alberta declared it had a surplus of gas for export, or that it would have a surplus at an early date, it became the responsibility of the federal government. My department has for years advocated that an orderly pattern of development of natural gas in Canada would involve the development of Peace river gas for the Pacific coast, and central and southern Alberta gas for Alberta; and, if and when there was a surplus, that it should come to eastern Canada.

We are very pleased that this pattern is taking shape now. Alberta has declared a surplus. In my opinion, they have been perhaps a little too conservative up until the present moment with respect to their reserves of gas. As a matter of fact, right now in the production of oil about 25 billion cubic feet of gas is being flared every year. This does not mean all that gas would be available for pipe lines. Some of it would originate in isolated places and it would not be economical to gather it, but a large portion of that gas now going to waste could be used by Canadians. The quantity now being flared in the production of oil just about equals the peak of the Turner valley waste, which Albertans especially and Canadians generally are not very happy to recall.

Several proposals have been before parliament and before the public as to how Alberta's surplus gas should be disposed of. Many rival companies, most of them United States companies, have proposed to take gas to different regions of the United States. Recently at the request of the Alberta government, the Minister of Trade and Commerce (Mr. Howe) assisted in bringing two of the major companies together for the purpose of building a trans-Canada line. The federal policy in respect to export of gas from Alberta was clearly stated by the Minister of Trade and Commerce in this house on March 13, 1953, as reported at page 2929 of *Hansard*, when he said:

> Therefore the policy of the government of Canada is to refuse permits for moving natural gas by

pipe line across an international boundary until such time as we are convinced that there can be no economic use, present or future, for that natural gas, within Canada.

That is still the policy of this government, in spite of what many promoters and others seem to believe. Many of them still think permission will be given to send gas to Minneapolis and the inland empire south of Alberta, as they call the central western states, but the policy is as stated by the minister, and it still stands.

The Trans-Canada Pipe Line company has been incorporated. I believe an amendment to their charter is before the other house at the present time and will be coming here shortly. The amalgamation was brought about for the purpose of piping gas to eastern Canada. The Minister of Trade and Commerce went on to say, and I quote his words:

As I have said, the proposal is to follow this policy, within reason. To date one exception has been made. It was made in response to a request from the director of defence mobilization of the United States that Canada supply a defence production requirement for gas in order to maintain the production of copper at Anaconda's smelter in Montana. The requirement was small.

It was made originally to aid our common defence effort. The other exception was when we gave permission to export gas to the northwestern states through Vancouver. That was necessary in order to assure that British Columbia and the Vancouver area would get gas; otherwise the pipe line through that area would not have been economically possible.

As far as the bill before the house is concerned, I am not sure that it is at all necessary to bring gas in via the Niagara peninsula as the bill proposes. In the western part of Ontario we fortunately have quite a large reserve of natural gas. I am not exactly sure of the reserve, but I think it is in the order of 168 billion cubic feet. We are indeed fortunate that we have that gas storage basin at this end of the line. That gas is available for the early build-up of the market in Ontario.

In conversations we have had with the Ontario government we have been informed that they are quite willing to help facilitate the release of all that gas for the build-up period, but the latest information our department has is that there will not be quite enough gas in reserve in that storage basin in Ontario to meet the peak loads of the build-up period. In other words, they need a comparatively small quantity of gas at times. If they use that gas for the build-up they will need a small additional quantity at times of peak loads that will develop.

It may be that this proposed gas line will serve that purpose. There is, however, an alternate proposal that the additional requirements of gas be brought in via the present international pipe line at Windsor. I do not know which proposal has more merit, but I presume the board of transport commissioners will weigh those factors very carefully, and when this bill goes to the committee and subsequently to the board of transport commissioners for study, we shall have all the facts.

That storage basin in Ontario will be vital. It will be important to the efficient operation of the Trans-Canada line and the operation of the gas line through the periods when there is a high peak of demand; and then probably during the night or hot weather there will be periods when the demand is low. If that storage basin in western Ontario is depleted in the building up of the initial market, in preparation for the flow that will come through the Trans-Canada line when it is built, the cushion will be there to absorb the off-peak loads and that will contribute to the efficient operation of the Trans-Canada line.

I do not know that I should like to say anything more at this time. I believe that the complete output of the Trans-Canada line can be used in central Canada, and I believe it will be needed there. The hon. member for Peace River (Mr. Low) mentioned that the building of this pipe line will probably interfere with the markets for coal from the maritimes. In my department I am between two fires, between coal and gas. I try to assess the merits of each and see how they both fit into the national energy picture.

There is a need now, and I believe there will be a continuing need, for coal in our energy picture in Canada. But I do know, and I think we all realize, that there will have to be adjustments. The coal industry is facing a crisis now. It seems that they have been in a crisis ever since I took over the responsibility of the coal board two years ago, and I cannot see anything but continuing —I was going to say "trouble", but at least continuing concern about the future of the industry for some years to come.

Maritime coal has never been a very big factor in the Ontario market. I believe it enjoys quite a large share of the Montreal and Quebec markets. If and when gas reaches Montreal it will probably mean that some of the maritime coal will be replaced. However, this country is not standing still. The population of the province of Ontario is increasing at the rate of 270,000 people a year, which is the population of a good-sized city. I think the gas will compete more with electricity and oil than it will with coal.

With our expanding economy we are going to need all forms of energy that may be available. During the adjustment period the coal industry is going to have to change its methods. There will have to be more research done by the industry as well as by governments. But I do believe that within a few years after natural gas reaches this market and the coal industry has had a chance to readjust itself to changing conditions there will be a place for both.

Probably I am getting a little away from the bill before us, and I do not think I shall digress any further. I wish to restate what I said before, that I think perhaps this proposed pipe line will fit into the picture. I am not sure that it will be absolutely essential, but I see no harm in passing it on to a committee and to the board of transport commissioners for study.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the views of this group have been expressed already by those who spoke on our behalf when the bill was before the house on previous occasions, so I shall not take more than a few minutes now. As a matter of fact it is because of the reservations already indicated by the Minister of Trade and Commerce (Mr. Howe) that we see no objections to this bill going to the committee for study.

I found it most interesting to listen to those reservations made by the minister when he spoke on March 9. I think he made one or two very important and significant points. As others have pointed out during the course of this debate, he more or less indicated that he would not be prepared to let the bill go through its final stage unless an amendment was made to it in committee. The amendment the minister felt to be necessary would add a clause to provide that the bill would not come into force until a mutually satisfactory agreement between Trans-Canada Pipe Lines Limited and Consumers' Gas Company had been deposited with the board of transport commissioners.

I think that is a good idea. I suggest that when the committee is considering such a coming into force clause it should go a step further than was suggested by the Minister of Trade and Commerce. In my view the minister got down to the nub of this matter when he said, as reported at page 2818 of *Hansard* for March 9:

> Obviously, bringing gas in from Buffalo through a pipe line involves considerable investment,—

I ask that these words of the minister be noted.

> —and one wonders what is to become of that investment if the line goes out of use in a matter of three years.

Indeed that is a question that concerns a good many of us. If it is to be understood that gas is to be brought in from the United States through this pipe line only until such time as gas is available to the Toronto area from western Canada, then the question arises as to the economics of the building of an expensive pipe line to be used for a very short period. The minister went on to say:

> I believe ways can be worked out so that investment can be assumed by Trans-Canada Pipe Lines Limited; and I believe we should know, before this bill becomes law, that such an arrangement is being worked out to the mutual satisfaction of the Consumers' Gas Company and Trans-Canada Pipe Lines Limited.

The minister repeated his reference to a mutually satisfactory arrangement between those two entities, Consumers' Gas Company and Trans-Canada Pipe Lines Limited, but I suggest that in a matter like this there is a third party whose interests should also be satisfied in any such agreement. I refer to the people of Canada, perhaps in this instance more particularly the consumers at the receiving end. It may be all right for these two companies, so far as they are concerned, to work out a mutually satisfactory arrangement whereby the one buys out the other at an exorbitant price which is made the basis for extra cost to the consumer. That is a matter we should be concerned about. In my view that point, along with the others which have been discussed while we have had the second reading of the bill before us, should be considered carefully by the committee on railways, canals and telegraph lines.

I am glad to note the reservations which were made just a few moments ago by the Minister of Mines and Technical Surveys (Mr. Prudham) when he spoke with respect to this bill. It is because of those reservations, and because of the assurance we have been given that this bill will be studied very carefully in committee that we see no reason to object to it being given second reading at this time.

However, and with this I close, I stress the point that the interests to be protected are not just the interests of the two companies referred to by the Minister of Trade and Commerce. The interests to be protected include those of the people of Canada as a whole, particularly the interests of the consumers who will be using this gas, or the gas that will come later from western Canada.

Mr. R. H. Small (Danforth): Mr. Speaker, following up the remarks made by the hon. member for Winnipeg North Centre (Mr. Knowles) in regard to the interests involved, he touched on one which should really be

given the most consideration; that is, the consumer. It is about the consumer that I intend to make a few remarks, particularly the consumer in the Toronto area which they seem to value so highly. The hon. member pointed out the fact that assurances have been given by the minister in charge of the bill that necessary guarantees will be forthcoming to protect the trans-Canada line.

The power situation, not only in Ontario but throughout the country generally, is very serious. By bringing gas from Alberta we are using one way of solving the problem of providing extra power. The economic problem will solve itself through increased demands and potential future markets. When electrical power was first made available to Ontario there was so much of it they did not know what to do with it. They were concerned with having it consumed. Then over a period of probably 50 years the situation changed and today we cannot get enough power to meet the demands.

The picture of gas being transported from the west is something that taxes the imagination again. I visualize the future of this country being such that we will be able to take all the gas that comes from Alberta and probably all we can get from the United States. But in the meantime it is essential that we have gas which is available at our door from the Louisiana source. This is where the consumers come into the picture, since they will get gas much cheaper because it has a higher heating content. I think the province of Ontario is vitally interested in having this source of supply at its door and it should be made available for use as soon as they can get it, which will be in perhaps one year's time.

There is only one means by which it can be used, through the Consumers' Gas Company. They have the facilities by which they can dispose of this gas, and they have storage for it in southwestern Ontario. I do not think there need be any worry about the future of Alberta gas. Once that line is put through to supply our markets—and according to those who have spoken on this bill that supply is expanding every day—there will be so much of it that we will have a problem in taking care of it. In fact much of it is going into the air and being entirely wasted, and the sooner we put it to some use the better. In the meantime, while building this line to bring Canadian gas here we should have the use of this other gas for the purposes suggested by the hon. member for Winnipeg North Centre (Mr. Knowles). The sooner Consumers' Gas can get it, then the sooner the market can be provided, for in all probability it will overcome the power shortage at present existing in Ontario, and assist the other eastern provinces in obtaining much-needed industrial power.

I mention this because I recall what took place earlier in the development of electrical power in Ontario, and I can see the very same development for natural gas in this country. Having seen what happened before we should take care it does not happen again. Once the line is built there will be no end to the demand. I believe they will probably be able to supply the western states as well, and even supply the northern part of Canada which has not yet been brought into the picture. The gas can probably reach as far as the maritime provinces even if they have to move it through the eastern part of the United States.

If you consider the development of this project over the next half century then perhaps you can visualize that project reaching the point where we can take gas from coal in the ground. If you wish to give full rein to your imagination there are many developments which can be visualized in relation to this project for the future. But at the present time the essential need is to get that gas to Consumers' Gas Company and thence to the consumers who want to use it. You need not worry about the integrity of the Consumers' Gas or whether they will observe their covenant. We are dealing with a reputable organization and we can accept their guarantees; and once the Minister of Trade and Commerce is satisfied, the company's conduct will be governed in the best interests of Canada.

Mr. Speaker: Is the house ready for the question?

Mr. Holowach: Mr. Speaker, I would just like to direct one question to the Minister of Mines and Technical Surveys (Mr. Prudham). How does the minister reconcile the policy as to the export of natural gas out of this country as enunciated by the Minister of Trade and Commerce (Mr. Howe) last March with recent statements that he approves and is in agreement with the "amalgamation principle" of the two pipe lines outlined by the government of Alberta? I ask that question because one of the companies concerned in this amalgamation has had the intention of securing markets in the middle states in order to ensure the pipe line in Canada being economically feasible.

Mr. Speaker: The hon. member will, of course, realize that the minister cannot answer that question now, and the matter may be dealt with in committee. The bill,

once it is reported by the standing committee, will be considered in committee of the whole, at which time the hon. member may ask his question. In any event the hon. member's question is now in *Hansard*, and I imagine that at some future time there will be an opportunity for the minister to reply.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

SECOND READINGS—SENATE BILLS

Mr. Speaker: There are several bills on the order paper on which it is intended to move second reading at this time. Is it agreed that Bills Nos. 355 to 372 inclusive, being divorce bills, be considered in one motion?

Some hon. Members: Agreed.

Mr. John Hunter (Parkdale) moved that the following bills be read the second time:

Bill No. 355, for the relief of Marie Jeannette Lucille Catherine Clement Cantin.—Mr. Hunter.

Bill No. 356, for the relief of Pauline Prussick Astrof.—Mr. Hunter.

Bill No. 357, for the relief of Martha Betty Schenck Clarke.—Mr. Hunter.

Bill No. 358, for the relief of Felice D'Abate.—Mr. Hunter.

Bill No. 359, for the relief of Olga Korim Falardeau.—Mr. Hunter.

Bill No. 360, for the relief of Harold Robertson Mann.—Mr. Hunter.

Bill No. 361, for the relief of Sophie Rosenberg Rosenberg.—Mr. Hunter.

Bill No. 362, for the relief of Frederica Priesel Barrett.—Mr. Hunter.

Bill No. 363, for the relief of Jean Bertha Thomson Lanthier.—Mr. Hunter.

Bill No. 364, for the relief of Roger Tremblay.—Mr. Hunter.

Bill No. 365, for the relief of Adelaide Nina Hall Lanktree.—Mr. Hunter.

Bill No. 366, for the relief of Fernande Gilberte Andrea Leclair Daoust.—Mr. Hunter.

Bill No. 367, for the relief of Diana Barbara Boone Guinness.—Mr. Hunter.

Bill No. 368, for the relief of Clara Sperber Meilen Fink.—Mr. Hunter.

Bill No. 369, for the relief of Maria Assunta Pilozzi Raspa.—Mr. Hunter.

Bill No. 370, for the relief of Robert James Cooper.—Mr. Hunter.

Bill No. 371, for the relief of Diana Frances Nash Milmine.—Mr. Hunter.

Bill No. 372, for the relief of Ross Willis Garrow.—Mr. Hunter.

Motion agreed to and bills read the second time.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

VOCATIONAL TRAINING CO-ORDINATION ACT

AUTHORITY TO ENTER INTO AGREEMENTS WITH PROVINCES, CHANGES IN ADMINISTRATION, ETC.

The house resumed consideration of the motion of Mr. Gregg for the second reading of Bill No. 326, to amend the Vocational Training Co-ordination Act.

Mr. Knight: Mr. Speaker, before the dinner recess I had said that I supported this bill with a good deal of pleasure. It will involve some expenditure on the part of the nation and some on the part of the individual provinces. They are, however, expenditures that I think will be well justified. They are really an investment in the future of the nation, and also in the future of the individual for whose benefit the bill is introduced.

I think we derive the greatest satisfaction in life from the things we can do well. As I envisage this bill it will result in training people to do things well, and will turn into skilled workers much of the unskilled human material that goes to the vocational or trade schools which this bill should help to support. We are told that Canada is becoming more and more an industrial nation, and this fact is well known. But if we are to improve our position—nay, if we are to retain it—in the competitive industrial world, we shall have to have skilled workers who can produce and run the machines which can take the drudgery out of human labour. I think Britain is one nation to which we can look as an example of a country that realizes the importance of such schools in the training of its labour force. Britain is a country whose very life depends upon its export goods which are produced by its own skilled labour. Hence I say that we have great need for an expansion of our vocational training and for the creation of more and more trade schools.

Through the courtesy of one of the hon. members I was speaking the other day to a group of high school students. As I have spoken to other high school students on other occasions, I was talking to them about what they might do later in life. If you take

a poll of the average high school, in its upper grades, you will find that the students have great ambitions, and that is as it should be. You will find that 90 per cent of them will tell you that they wish some day to go on to what they call the higher professions. But statistics prove that they do not eventually reach those higher professions. The Minister of Labour would know more about this matter than I do, but I imagine the figure for those who do is about 10 per cent.

A great many of those students will graduate into equally honourable and useful work. Many of them will become nurses or stenographers or skilled workers of various kinds. They will be working in industry. They can be fitted for that work by the improvements in vocational training that are envisaged in this particular bill. Therefore it has my wholehearted support. Many of the high school or public school students are just not fitted for higher academic learning. Some of them have no particular taste for it. Again there are many who, through force of circumstances, are obliged to go to work early in order that they may assist with the bringing up of the other children by a contribution to the weekly wage. Then again there are many of those who find satisfaction in some creative work with their hands, and I say all honour to them.

For the reasons I have stated, I think this bill is a good idea indeed and will be well worth the money expended under it. Of course a pessimist might say that owing to the vast technological advancement we already have experienced, and owing to our reliance upon machines to produce our goods, more and more people will be unemployed. But even if I knew that not all those people would be employed, at least in the immediate future, I would still advocate their training particularly for the personal satisfaction that it brings to them to be capable people, to know that they have a stake in the nation and in society, and that they are contributing to its good as well as to their own.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, we in this group agree that this is a good bill. However, as with so many things, we find that it does not go quite as far as we would wish it to go. I am happy to see that the government is going to set up a committee to study the bill further, because I feel quite sure that it can stand some additional study. I think we are extremely fortunate in this parliament to have among the members one who has spent so much time as a prominent educator—I speak of the hon. member for Victoria, B.C. (Mr. Fairey)—who has contributed such valuable information at this stage of the bill and who possibly will have more to say on it at another time.

In his explanation of the bill I found the address of the Minister of Labour extremely illuminating. I was particularly pleased to note that provision was made for the rehabilitation and training of disabled civilians. The continuation of training, wherever and whenever an extension is possible, should certainly not be frowned upon but rather should be greatly encouraged. I believe that the service clubs who have helped in any way to assist these poor unfortunates should be congratulated for their efforts.

In a subsequent explanation of the bill the Minister of Labour explained to us the reason for raising the number on the advisory council from 16 to 20 members. I would say this is a good move at this time. The bill, if anything, has suffered from the fact that we have had trade, labour and industry represented, and then they have had to go to the provincial governments and ask for financial assistance. This is rather like putting the cart before the horse. Sometimes it has been a little bit difficult to get the help that should have been forthcoming.

We found today that the hon. member for Cape Breton South had added substantially to the debate on the bill. I noted one remark he made respecting the provinces and the fact that they would not be capable of participating on a 50-50 basis in equalizing the cost factor as between them and the federal authorities. I think he was specifically pointing his finger at the province of which I am a representative.

I should like to draw his attention to one of the factors that I think is important in British Columbia. While we may have a higher per capita revenue than any other province in the dominion, we also have a higher per capita expenditure for social services than any other province in the dominion. Just by way of comparison I might say that 6·3 per cent of our population is made up of persons over 70 years of age as compared with 3·7 per cent in New Brunswick. The fact that we happen to give a cost of living bonus of $15 per month to those same aged people naturally adds to our cost of social services. Those dollars are therefore not available for purposes of education, much as we would desire to give them.

I also feel that we do not contribute enough in proportion to the cost of university education. However, we must remember in this regard that universities play a different part from that of vocational training in the

world of education. Upon our university educators will depend what place Canada will occupy among the nations in the future. The matter of research is very important, and while the comparison is not odious at the same time I do not think it is entirely warranted to say that we should spend as much in proportion on vocational guidance as we do upon university education.

The bill has other shortcomings. First there is the question of educational qualifications. The minister dealt with that in part when he suggested that the provincial governments have the authority to accept those pupils who do not have the necessary educational standing. I am quite willing to agree with that. However, I believe that in the final analysis the provincial authorities in making their choice of trainees will naturally select those who are more capable, those who have reached the secondary level of education as is required by the bill. If there is any room left they will probably then give consideration to those who have only obtained grade 4, 5 or 6 standing, or whatever it may be.

I am not suggesting that there is a large group of people in Canada whose educational standing is only of grade 6 level. However, throughout this large dominion there are probably several hundreds or thousands who for various reasons, possibly because they were living in rural areas where no institution of learning was available, did not have the opportunity to acquire the educational standing required by the bill in order to qualify them for vocational training. Many of our unemployed today fall into this category and are ineligible. Therefore I suggest the bill should be modified in such a way as to permit all those who aspire and who indicate an aptitude for training to become eligible. For example, if a young lady has learned the art of the seamstress at home and indicates to the authorities in charge of the educational scheme that she has a certain aptitude, she should be made eligible for such a course. Similarly this is true in the case of machinists and others. I would not decrease the educational standards, but rather would suggest increasing the scope for admittance to vocational training courses.

I would say that the second factor requiring serious consideration is cost. The cost of education today is possibly the greatest headache of municipal districts. I do not believe there is a municipality in Canada where the school board and municipal authorities are not at loggerheads over the price that must be paid for education. I realize that under the vocational training scheme the federal government is willing to pay its 50 per cent. I believe one hon. member indicated earlier that he felt, and I do too, that we are concerned with adult education in this case, and that the classroom education of these people should have been taken care of at the primary level. However, that is not available today; therefore vocational institutions are placed in such a position that adult education is not on a comparable basis with secondary or primary education, and probably should receive more assistance from the federal government.

I am quite aware that the federal authorities say that education is a provincial job. No doubt the provinces are jealous of their rights and want to look after their educational problems. However, the municipalities are very much in need of assistance, and since their only source of revenue is the direct taxation dollar they should be given more consideration. That might be given some thought.

I was interested in studying the report of the first national conference on apprenticeship in trades and industries, held at Ottawa on May 19, 20 and 21, 1952. The report deals in part with penitentiaries, and the interesting feature so far as I am concerned has to do with a suggestion made by an hon. member yesterday that possibly we would not have quite so much crime or so many criminals if we had more vocational training. In studying the report I found the following of interest. The total male population of the penitentiaries of Canada at that time was approximately 4,500. Those under 30 years of age numbered about 3,000 and those under 21 about 500. The report stated that 98 per cent of those people would be leaving these institutions as free men and returning to society.

I know the penitentiaries have a vocational training scheme. Apparently it is an excellent one, because the results would indicate that they are paying attention to vocational training. The penitentiaries have within them nothing but the worst criminals in the country, and this is what we find. Of 465 discharged, who had received vocational training, 86 per cent have not become repeaters in crime. That is a very notable factor. Apparently the reason they have not become repeaters is that they have taken vocational training courses. On the other hand, in the case of those individuals who did not take vocational training courses we find that only 40 per cent have not committed further crimes.

I would say it is better to stop a potential criminal by training him in a vocation than to imprison him following an offence. Eliminate the cause of his going to prison.

I am sure the Minister of Justice (Mr. Garson) would be very happy if he found that the number of criminals had decreased because we decided to spend more money and make vocational training courses so interesting that more people would take them. These young criminals have indicated that they have the ability to think, the ability to plan and the ability to observe. In my opinion these three fundamentals are most important in teaching an individual art, and I believe the minister will agree that those factors are certainly present in the minds of these individuals. They should be encouraged along the right line of thinking. Make them eligible for jobs, and thus do away with the problem of criminal repeaters. It might be that a certain course would not be available at a particular institution, and it might be necessary to transfer a prisoner from one institution to another so he could take the course he wished. However, remember that education is cheaper than incarceration.

Another factor is the apprenticeship system. The industries taking part in this program are to be commended. I know that a good number of them have spent several thousands of dollars, and they are certainly doing an excellent job. The federal government, with the co-operation of the provincial governments and the industries themselves, has an excellent opportunity to bring about far-reaching results. I would say that we should have a rigorous apprenticeship system which would remove some of the unskilled labour from the ranks of the unemployed. I am in agreement with the hon. member for Cape Breton South that when in previous times the unemployed population stood at approximately 400,000, there were jobs available for about 370,000.

The apprenticeship system will re-establish the higher quality of workmanship. We often hear it said that we are losing our markets. Perhaps one of the reasons is that our products are deficient in quality. That may be possible, and is something that should be investigated. The apprenticeship system will result in a reduction in crime and immorality among our youth, and stop overcrowding in our penal institutions. I have already dealt with this matter to some extent.

Can it be that we have reached that point in our industrial revolution where the apprenticeship system is a necessary part of our guilds and unions system? I believe the industrial revolution we have today is probably as great as the one we had some centuries ago. Any apprenticeship system that is advocated must of necessity become an integral part of our method of solving our problems in industry. Certainly the matter of guilds and unions should be investigated by provincial departments of education and by our federal government.

Perhaps hon. members would be interested in some of the factors set out in the book to which I referred earlier in these remarks. I shall not enumerate all of them, because the information is available to hon. members who are interested. However, there are two or three which I believe might be drawn to our attention. The first of these is a shortage of learners. There is a definite shortage of apprentices, as prescribed under provincial apprenticeship legislation, in those industries requiring skilled help, to which I referred earlier in my address.

There are three main reasons for the shortage of apprentices. First, there is a lack of interest on the part of employers, many of whom feel it is not their duty to try to find jobs for unskilled labour. They are not a bit interested in training people to work in their factories. I believe employers should be taught to revise their ideas, so they would become a valuable part of our apprenticeship system.

The second reason for the shortage is the fear by the unions of a condition of overcrowding. This is very common today, and I would offer as examples bricklayers and stonemasons, who are working only at half speed. A bricklayer will not lay more than a certain number of bricks each day, not because he is incapable of doing more but because he believes that if he did he would work himself out of a job and would have nothing to do next day. The apprenticeship system, they believe, would crowd them out of their trade. That is, in my opinion, one of the reasons for a shortage of skilled labour.

The third reason is the lack of information with respect to opportunities and benefits flowing from the apprenticeship system.

There are three suggested remedies, the first of which is continued support by provincial and federal governments of the apprenticeship idea. This would require the support of institutions of learning. Then, second, organized labour must be encouraged to consider the apprenticeship problem with a view to bringing about the best results from the use of our manpower. Third, we must induce employers to expand their training programs, so they will attract the most efficient help and turn out the best possible product at a given price.

I would suggest to employers' organizations and to groups of employees that they set aside a fund to promote an apprenticeship system. So far as the employer is concerned, one of the most irreconcilable

situations is that in which, after spending a certain amount of money to educate an apprentice, he finds that employee moving to another industry. The employee is a loss, so far as the employer is concerned; and I suggest the employer should have some protection.

In my view the apprenticeship age should begin in each province at the age at which compulsory education is completed, and there should be no maximum age limit. The purpose behind this would be to make eligible that group of individuals who, under the act as it now reads, are not eligible. Wage rates, of course, present a problem as between apprentices and skilled labour. These have to be solved through agreement between unions and management, and it should be possible to arrive at some satisfactory formula.

A decision must be made concerning a standard definition for a qualified apprentice, so that on this score there would be no difficulty between skilled labour and apprentices. There was some argument earlier about the type of vocational training taught in schools today. I would say that training must be supplemented by work in industry. One final factor is that the responsibility for this program must rest with the federal, provincial and municipal governments, as well as with management and labour.

In conclusion I recommend that the following suggestions be given consideration. First, there should be federal financial assistance in education, at the municipal level. Second, the vocational training course should be made more effective by making it available at a grade lower than the level of secondary education. Third, in specific industries we must begin to make the apprenticeship system compulsory, by statute. This, I believe, would help relieve our unemployment situation, if we still have it with us. And, fourth, there should be a strenuous program of public education through all national outlets such as the Canadian Broadcasting Corporation and the national film board, with a view to teaching the people to make proper use of their leisure time through courses in vocational training.

Mr. G. R. Pearkes (Esquimalt-Saanich): Mr. Speaker, when the Minister of Labour introduced the resolution preceding the bill hon. members must have noted that the opening words of that resolution were as follows:

> That it is expedient to introduce a measure to amend the Vocational Training Co-ordination Act to meet present-day requirements for defence—

—and so on. Then he went on to deal with other purposes. It is quite obvious that in the minister's opinion the present-day requirements of defence were the primary reason for introducing the amendments set out in this bill.

I have been surprised that during the discussion that has taken place the minister has not explained to the house how this bill is to be applied to modern requirements in so far as defence is concerned. We have heard a great deal about the advantages which will accrue to the ordinary civilian population, and the extent to which the increase in opportunities for vocational training foreshadowed in this bill will help them. We have also heard how vocational training will help the veterans, the men who may now be coming back from Korea or who may be taking their discharges from the armed services. But as yet we have not heard how this bill is to be applied at the present time for the purposes of defence.

I wish to make just a few observations regarding that aspect of the bill, to ask the minister to fill in the gap when he replies and tell the house definitely how the amendments he is now proposing in this bill will further the purpose of defence. Of course you may say lightheartedly that you can never have too many tradesmen in the armed services. No doubt everybody will admit that; and you can point out the tremendous increase in the number of trades in the fighting services and the need that exists for skilled men, artisans, artificers and so forth in the navy, the army and the air force. Perhaps you might claim that it is impossible to train too many tradesmen. At the same time we do have to avoid the danger of duplication in the training of tradesmen for the armed services, because the public are now being asked to pay for the training of these people who will be taking advantage of the vocational training opportunities which are to be set up.

When world war II started of course there was a very great shortage of tradesmen in all three services. As soon as the original formations could be trained they were sent overseas, and the majority of the tradesmen then in the services went overseas with those early formations. Consequently there was the necessity for building up some form of tradesman training here at home.

The hon. member for Victoria, B.C., (Mr. Fairey) explained a few days ago the growth of vocational training during the war and the assistance which was given to the armed services in all provinces by those vocational training schools. Those were days of great expansion of all the armed services, and at

that time there was a great shortage of tradesmen. That shortage remained until almost the end of the war.

From my own personal experience I can speak of the excellent work done at the dominion-provincial vocational training school at Nanaimo, where hundreds of servicemen were sent while they were still in the services and trained so they could fill a tradesman's position in the navy, army or air force. Exactly the same thing applied to the technical training school in Vancouver. I speak from personal experience, and I know that these vocational training schools all across the country were doing very useful work.

But I do suggest that the situation at the moment is different. We are not in the days of great expansion of any of our services. We have been working for an increase in the strength of our three fighting forces on the three or four-year program which was announced by the government in 1949-50, and all three services are now within striking distance of the manpower objective that was set at that time. An extremely creditable effort has been made; the response of the young men of Canada is most praiseworthy in that they have come forward in such great numbers, and what seemed to be quite an ambitious objective in 1950 has now been practically reached.

As far as one can see at the present time—while I would certainly not be advocating any reduction in the armed services—there is no likelihood in the foreseeable future of any further expansion. In fact we hope we have now built up our forces so they will be able to resist aggression no matter where it breaks out, if it should break out, and we hope they are strong enough now to deter any aggressor. Therefore the policy, as far as one can see, will be to maintain the active forces that we have in the navy, army and air force at somewhere about their present strength.

In all three services a very well thought out scheme of tradesman training has been built up at the various corps schools in the army and the various training establishments of the air force. As far as the navy is concerned there are big training establishments for the ratings, men who are enlisted in the navy, both on the east and the west coasts. And the cruisers that we now have are literally classrooms afloat, where sailors of all different ranks are taking classes in tradesman work in order that they may fill the many positions which are open to them. In addition there are means of enlisting apprentice soldiers, young men who are still in their teens, and training them for the technical branches of these services, in other words giving them a very complete vocational training in the services today.

Are we going to duplicate that? Is there a fixed plan under which the services are going to co-operate in the scheme which is envisaged by the amendments we are now considering? Are the personnel of the active forces, the navy, the army and the air force, going to have the opportunity of taking classes in addition to the facilities offered in the services themselves, or is this to be merely a general scheme we are going to use to build up a large reserve of trained tradesmen, or a large reserve of tradesmen who, if there is a general mobilization, would then be available? Is there to be any particular application of this bill to the services, or is there just wishful thinking that there will be a larger number of tradesmen available for the services should another occasion arise? Will facilities be available not only for the personnel of the active forces but for the personnel of the reserve army, the auxiliary air squadrons, the naval reserve and so forth? Just where will this fit in?

If we are going to send service personnel, both active and reserve, to these schools, what financial arrangements will be made? Will active personnel receive the pay of their rank while attending these schools? Will the Department of National Defence pay all the educational expenses in connection with the attendance of service personnel, either active or reserve, at these schools? Then we are faced with the difficulty of perhaps having service personnel attending one of these schools and drawing service pay while working alongside some lad who wishes to go into industry but who is not receiving any pay from the government, or who perhaps has to pay some tuition in order to be there. No doubt these are administrative problems to which the minister has given consideration, but the house has not been informed what is to happen. I hope the minister will inform us regarding these things.

Will there be opportunities for on-the-job training, improver training? I realize that this is a form of apprentice training, but it is a step further than that. This concerns a man who has perhaps finished his apprentice training, who knows something about the work he is to do, but who wishes to improve himself. I am not going to detain the house any longer, but I hope the minister will tell us how the services are going to be fitted into the improvements which this bill is trying to bring about.

Mr. Daniel McIvor (Fort William): Mr. Speaker, there are some things which I find it

difficult to understand. The minister has moved that this bill be sent to a committee of which the hon. member for Cape Breton South (Mr. Gillis), the hon. member for Winnipeg North Centre (Mr. Knowles), and many other intelligent hon. members are members. I am just wondering if the next speaker can give a good reason why we should continue this debate. Let this committee pull this bill to pieces, put it back together again, and send it back in a form that will be intelligible to us, and then let us settle the matter here.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, I do not plan to spend any time trying to justify a member speaking in support of this motion. Having heard from representatives of a number of urban ridings, I feel that I should be permitted to make some comments without any hon. member suggesting that we cut off the discussion at this time.

Hon. members in all sections of the house have expressed their appreciation of this legislation, and I want to endorse the opinion which has been expressed that the position of ex-service personnel should have continued consideration. Many of the men who joined the services in the period 1939 to 1945 had the misfortune to go through school when there were not as many advantages as there are now. Many of those boys had a pretty rough time during the thirties, and I think they should be able to take advantage of the facilities which have been provided during the past ten or twelve years if they so desire.

Reference has been made to training for the purpose of rehabilitating disabled persons and fitting them for gainful employment. I suppose it may be argued that it is the responsibility of the municipality or the province to provide employment for the disabled, but when polio strikes the country it does not select any particular municipality or province, and victims in all parts of the country are often handicapped for life. Those of us who have enjoyed good health find it most difficult to place ourselves in the position of one who must spend his life in a wheel chair. I think it is quite obvious that it is in the nation's interest that those who are disabled should be given the opportunity to make a useful contribution to society. I feel that the federal government would be only fulfilling its duty in co-operating with the provinces and the municipalities with a view to establishing training projects for the purpose of rehabilitating disabled persons.

I know of one little girl who had the misfortune of being run over by a freight train on her way to school in Yorkton some years ago. She lost both feet, one hand and the fingers of the other hand. Partly as a result of assistance from the Canadian National Railways she was able to complete her public and high school work and became a school teacher. She did an outstanding job in the classroom. I have often felt that having mastered her great misfortune this woman could make an outstanding contribution in helping to train disabled persons. I feel sure that with the co-operation of the minister the program for the future will be improved a good deal.

Reference has been made to training projects to increase the skill or efficiency of persons engaged in agriculture, forestry, mining, fishing, the primary industries in Canada, and in home-making. This brings me to my main reason for rising to speak. I live in a rural community near a town with a population of about 600 at the last census. Under the legislation passed in 1942 the local authorities in co-operation with the province and the federal government provided technical education. For the first time in the history of that rural community boys were permitted to work in the shops. They received expert training in woodworking and shopwork, and it has given the boys a new interest in education. This town of 600 has a school attendance of nearly 300. A dormitory has been built where some 80 boys and girls are able to live while away from home. Three buses bring students to the school every morning and take them home at night. Certainly I believe it increases the effectiveness of the nation as a whole when you have available in rural communities the kind of services I have been describing, and which exist at Sturgis where I live. I am sure if more rural communities could have the assistance of the local, provincial and federal authorities in participating in projects of this kind there would be a much keener interest in providing greater security for all our people.

I am not overlooking the reference to home-making. In this connection it may be argued that the task of providing girls with training in home-making should be left to mothers, but each year in our school we have an achievement day when the teachers demonstrate what has been accomplished in the school, and when the young lads demonstrate the type of work they have been doing. The girls taking home economics show what can be produced in the kitchen and in the dressmaking shops, and rather than resent the fact that training is given in home-making the parents appreciate that in the middle of this century our young people in

rural communities are given access to facilities which have been taken for granted for so many years in the large cities.

Representing a rural community as I do I am very glad that this legislation was passed in 1942, and that the minister is piloting this bill through the house so that we may have a continuation and extension of this outstanding work.

Mr. J. W. Noseworthy (York South): Mr. Speaker, I have examined this bill and certainly I cannot see anything in it to which one could take objection. Indeed there are quite a number of features which are quite commendable. I am certain the minister and his department are to be commended on the insertion of a provision which will provide training and rehabilitation of the disabled. That is a measure to which we have been looking forward for a long time. While on this question of the rehabilitation of the disabled I would like to suggest to the minister that some consideration be given to the older people, such as old age pensioners and those receiving old age assistance. There are thousands of older people who have many years of usefulness ahead of them and who are finding life very boring.

The administrators of the various hospitals under the Department of Veterans Affairs carry out a considerable amount of adult education among the older veterans by training in craft work and in developing hobbies. Many of them are able to eke out a little additional money through the medium of the things they make in these hospitals. I have often wondered whether through some department of the federal government, possibly in co-operation with the provinces or local authorities, some means could not be found whereby some of these older people could be induced to participate in craft work, and some provisions could also be made for the disposal of the things they might thereby produce in such a way that these old people would be able to obtain some remuneration for their work.

In this connection we must realize that within a few years probably one-third of our population will have to support the remaining two-thirds, the younger people at one end of the scale and people over 50 or 55 years of age at the other. If industry continues the present practice of letting employees out at the age of 50, 55 or even 60, we are going to have a great many people in that age group quite capable of working but without any opportunity to do so.

I believe England has tackled that problem through what is known as sheltered workshops, where older people are given an opportunity to work during hours which are suitable to them, and where they are encouraged and assisted to undertake craft work through which they produce certain articles. Under that scheme some provision is made for the sale of these articles. That is one phase of adult education to which we have given very little consideration in this country, and it is one which I believe should be given some consideration at the present time.

The hon. member for Cape Breton South brought up the question of trade schools as contrasted with our secondary vocational schools. On the basis of my own experience with vocational guidance officers and teachers I am inclined to believe that employers in this country do not favour the employment of youths who have had no training other than the training for the job. My experience has been that employers approve of youths having a fairly high academic standard. They feel that if a youth is given a fairly good academic grounding he is a much more valuable employee in a shop or a factory, and I would be loath to see our youth encouraged to specialize in any particular field at a very early age without having a good academic training.

There can be no question but that we need more trade schools for our youth. The regular secondary vocational schools do not attempt to turn out skilled mechanics. That is not their purpose. They try to give the youth a certain amount of academic training, and the fundamentals of the particular trade or trades in which he is interested. Unquestionably there is a need for what may be considered finishing trade schools where those who have received a foundation training in our secondary vocational schools, or even in our secondary academic schools, can obtain a much more specialized trade training than is available in our regular schools at the present time.

One question raised by the hon. member for Cape Breton South is certainly worthy of consideration by the committee to which this bill will be referred, and worthy of consideration by the Department of Labour. I notice that all the assistance to the provinces in connection with vocational training is offered on a 50-50 basis, and that the federal government's contribution must not exceed that made by the province. I think that time has come when we must face up to the fact that the 50-50 rule no longer meets the needs of Canada today. With the difference in wealth that exists as between provinces the time has come when we should consider

doing, in the case of these federal grants, what practically every provincial government in the country has had to do in relation to the municipalities, namely to place these grants on the basis of need. Some formula is required whereby those provinces that are in the greatest need will receive a larger share of the cost of educational activities than will the wealthier provinces.

I realize as much as anyone the difficulties that will confront any minister who puts that kind of proposition to some of the provinces of Canada. However, I think a basic fact that must be remembered is that Nova Scotia is not training young people for Nova Scotia; Nova Scotia is training young people for Canada. Today a high percentage of the youth who are trained in any one province are likely to spend the greater part of their lifetime in a province other than that in which they were born. I think we must be able to look at this question of federal grants to vocational education from the broad national point of view. We are trying to train Canadian citizens, and these grants should be administered in such a way that Canadians whether born in Prince Edward Island, Newfoundland, Nova Scotia or British Columbia will be given some reasonable equality of educational opportunity in so far as these federal grants are concerned.

That may be a step worth discussing at some federal-provincial conference. It is certainly one that we should be ready to face by this time. Every provincial government has had to face up to that problem in its relations with the municipalities. There was a time when provincial governments paid their educational grants on a per capita basis but, so far as I know, that is no longer the case in any of our provinces. Today the provincial governments try to adjust their educational grants on the basis of need. The poorer communities in the province may receive, as they do in Ontario, close to 100 per cent of their educational costs, whereas other wealthier municipalities receive as little as 30 per cent.

I think that is a question which should be faced on the federal-provincial level, and that instead of going on indefinitely apportioning all these grants on a 50-50 basis a beginning should be made in doing it in terms of Canadians as Canadians and not as citizens of any particular province.

Mr. Gregg: Mr. Speaker—

Mr. Speaker: If the minister speaks now, he will close the debate.

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, once again I should like to express sincere appreciation for the manner in which all members received the amendments which are incorporated in this bill. To a minister who is attempting to administer the federal end of this business I am sure it is helpful and encouraging to listen to the kind of discussion that has taken place today and that took place on March 3.

I would refer to the further remarks made today by the hon. member for Cape Breton South. He welcomed the committee. Although I think he will agree with me that in these three or four pages of the bill there is not a great deal, when he says he hopes the study will be wide open I can tell him that I also have that hope. As far as I am concerned, in referring it to the committee I will not suggest at all that in that study there be a rigid and strict adherence to the clauses of this bill.

The hon. member makes the suggestion that at least the younger people in, for example, the coal mines which are levelling off at a lower level and in the textile business, which is levelling off at a much lower level, and who are now unemployed might be trained for some other activity. I agree with that suggestion most heartily. I can tell him that in these days we in the department, in conjunction with the unemployment insurance offices, are making a study of the matter. I am getting tired of using that word "study", and I am going to use a little stronger term. We have reached the point during these past weeks of having qualified officials go to several places where these things are happening and, without making any promises, I hope that we may be able to do this in the coal industry in Nova Scotia before too many weeks elapse, in order to see how far we can go in this retraining in conjunction with the provinces.

I can assure my hon. friend that there is not much use of our doing that unless we can go in under the banner of the provinces and have their full co-operation. As a matter of fact I expressed this thought in a broadcast which I made in my own constituency last Saturday night. I stated that I felt we should give encouragement in retraining and finding new employment opportunities for those who are out of employment and will never again be employed in the textile industry, and that we should also encourage in every way the young people who would normally go into such industries to be trained, in other activities in their own areas and in their own provinces, if possible.

The hon. member for Victoria, B.C. (Mr. Fairey) needed to make no apology whatsoever for clearing up some of the points that have been discussed. He did so very well indeed, and I thank him for it.

The hon. member for Cartier (Mr. Crestohl) spoke of the fear that vocational graduates might be checked too hard by examining boards in any given province before being permitted to practise their new skills in that province. That matter again is of course within the scope of the provinces. From observation I would say that I do not think any of them are erecting too difficult barriers. In view of the profession of my hon. friend I must admit that I do not think these examining boards are any tougher on the young bricklayers, for example, than are the provincial bar associations on the young lawyers who want to practise in those provinces.

I do not think the hon. member for Saskatoon (Mr. Knight) posed any special problem on vocational training. He gave us suggestions on the improvement of training in general and on the importance of co-operating to a greater extent with the provinces. We all know well his views on that matter. Perhaps some of us cannot express agreement to go quite as far as he suggests in the direction of entering into the educational field; nevertheless we are glad to have his views again.

The hon. member for Esquimalt-Saanich (Mr. Pearkes) brought up a point which rather suggested that I did not clarify the first part of the resolution when it was under discussion. The resolution reads in part as follows:

> That it is expedient to introduce a measure to amend the Vocational Training Co-ordination Act to meet present-day requirements for defence and other purposes, including authority . . .

I would refer him to page 2623 of *Hansard* of March 3 where I said very modestly:

> . . . I should like to state that I do not want for a moment to overestimate the importance of the total number of amendments that are forthcoming here.

If I may, Mr. Speaker, I should like to refer briefly to the bill for this particular purpose The act contains such expressions as "to fit persons for employment for any purpose contributing to the efficient prosecution of the war". Of course at that time the war was paramount. Perhaps the intention was that this kind of training would be aimed very directly at the war in so far as it was possible to do so. In the new act, after amendment takes place, the expression will be "to fit persons for employment for any purpose contributing to the defence of Canada whether in industry or in the armed forces".

I think I might sum it up in this way. Now that hopes are rising that we will be free from war as we knew it at that time, we hope that instead of the pressure being to train people for the immediate and efficient prosecution of war we may under vocational training do a useful job in helping to provide a solid body of trained young men and women who will be valuable in the activities of peace as well as in war. However, there was then and there will continue to be the two categories of training the cost of which is borne 100 per cent by the federal treasury, namely the training of personnel for defence works and the training of personnel for the armed forces. But I can tell the hon. member for Esquimalt-Saanich that there is no intention of taking in people holus-bolus for such new defence training. I would hope that the training of civilians would add to the number of skilled tradesmen who would be available to the reserve forces, but no drastic new policy is contemplated here.

The hon. member for Mackenzie (Mr. Nicholson) expressed satisfaction that we are reiterating here the intention of assisting the provinces in equalizing opportunities for the young people of rural communities. That is exactly what is intended, to help the provinces on a 50-50 basis with respect to training for young people in rural areas. The hon. member for York South (Mr. Noseworthy) referred again to the rehabilitation of the disabled, and to older workers. The rehabilitation or even the training of older workers does not come directly within the terms of the bill, but I should like to say that we are doing a good deal not exactly in the way of vocational training but rather in the way of attempting to encourage employers to retain their older workers for a longer period if they are able to do so and the opportunity is there; and also, in spite of the fact that it may disrupt their pension plans, to accept older workers who do not have jobs and for whom jobs have to be found.

We have had some interesting experiments. I shall be glad to go into them in the standing committee or in committee of the whole if the subject is sufficiently related. We have had a very interesting experiment in the city of Toronto. I know my hon. friend will be glad to learn that recently we have had the pleasure of co-operating with the Canadian Manufacturers Association in carrying out, through their own channels, a survey of this matter, and the reports on that will be available later.

The hon. member also stated that in his opinion employers looked for academic standing and other qualities perhaps as much as for the bare skills. I think that is in line with

what was said the other night by the hon. member for Greenwood (Mr. Macdonnell). I believe there is a good deal to be said for not trying to train young people in technical skills before they gain maturity and some understanding of life and knowledge of other things, as well as the skill of the particular employment.

The hon. member for New Westminster (Mr. Hahn) referred to a committee to be set up. I think it was probably a slip of the tongue, but I should like to refer him to *Votes and Proceedings*, No. 25. He will see there that the standing committee on industrial relations is set up, and he will also see a list of the members. I believe the committee can be convened at any time.

Mr. McIvor: It is a good committee.

Mr. Gregg: It is a good committee. I am glad to say that a good deal of interest has been shown in the advisory council and the step that has been taken in increasing the membership from 16 to 20. At this time I should like to put on the record the personnel of the council as it stands at the present time. The chairman is Dr. G. Fred McNally of Edmonton. Dr. McNally is well known as chancellor of the University of Alberta. Of course he was born in New Brunswick, so that makes him all right. The members of the committee are, in alphabetical order: T. D. Anderson, general secretary of the Canadian Legion of the British Empire Service League, Ottawa, representing war veterans; L. S. Beattie, superintendent of secondary education, department of education, parliament buildings, Toronto, representing the government of Ontario; Mrs. Allan Turner Bone, president of the national council of women, Montreal, representing women; Gordon Burnett, manager of Bedard-Girard Limited, 230 Nepean street, Ottawa, representing employers; H. L. Campbell, deputy minister, department of education, Victoria, representing the province of British Columbia. He is the successor of the new member for Victoria, B.C., who occupied that post on the council before Mr. Campbell.

Then there are G. G. Cushing, general secretary-treasurer, Trades and Labour Congress of Canada, Ottawa, representing employees; Norman S. Dowd, executive secretary, Canadian Congress of Labour, representing employees; E. K. Ford, director of vocational education, department of education, Halifax, representing the province of Nova Scotia; Dr. G. A. Frecker, deputy minister, department of education, St. John's, Newfoundland, representing the province of Newfoundland; J. W. McNutt, director of vocational education and regional director of vocational training, Fredericton, representing the province of New Brunswick; Gustave Poisson, deputy minister, department of youth and social welfare, Quebec city, representing the province of Quebec; T. A. Robinson, Canadian International Paper Company, Sun Life building, Montreal, representing employers; W. A. Ross, regional director, Canadian vocational training, department of education, Regina, representing the province of Saskatchewan; W. H. C. Seeley, Toronto transportation commission, 35 Yonge street, Toronto, representing the employers; Miss Yolande Valois, vice-president of the Canadian and Catholic Confederation of Labour, Sorel, representing employees and, of course, women as well; and W. Elliott Wilson, department of labour, Winnipeg, representing the province of Manitoba.

If hon. members have kept tab they will have noted that, outside of the chairman, only eight provinces out of the ten are now represented. It was our desire to have one or two other national groups represented in forming the larger council.

Motion agreed to, bill read the second time and referred to the standing committee on industrial relations.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

Hon. Milton F. Gregg (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish in the consolidated revenue fund an account for the replacement of government property lost, destroyed or damaged through fire and for the said purposes to authorize advances from the account, with the approval of the treasury board, up to a maximum of five million dollars.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

Mr. Green: Will the parliamentary assistant give an explanation?

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): Mr. Chairman, the purpose to be served by this measure can be stated very briefly. It is to ensure, when fire loss occurs and replacement or repair of property destroyed or damaged is urgently and immediately required, and there is not sufficient money available in the parliamentary vote, that authority and funds will be available, subject to the approval of treasury board, to proceed with repairs and replacements without delay.

Mr. Green: May I ask the parliamentary assistant how these losses have been made good in the past?

Mr. Benidickson: In the past they have been made good either by postponement of the replacement or by postponement of the erection of another structure that was contemplated in a parliamentary vote, or they have been provided in some cases by contingency vote of rather a slender amount, in the Department of Finance, and I think there is one additional vote. I would draw the attention of the hon. member for Vancouver-Quadra to the fact that it is possible there might be a delay of some twelve months in the replacement of a building of importance, or personal property of importance, because we would have to wait for parliament to vote a replacement, although parliament had voted the original allotment for the building destroyed by fire.

Mr. Green: Will the same procedure of tenders be followed in purchasing goods with this money set aside as an insurance fund? I presume it also covers buildings?

Mr. Benidickson: I think the bill will include both movable and immovable property. The intention will be that parliament will be given an opportunity to revote the money, if it happens that it cannot be covered by one of the votes of the department in the year in which a fire loss occurs.

Mr. Green: Yes, but the parliamentary assistant has not answered part of my question. In spending this money will there be the same precautions exercised in calling for tenders, and the like, as applies in the case of the ordinary purchase at the present time; or will there be some short-cut?

Mr. Benidickson: I think my hon. friend can be assured that the same precautions will prevail as have prevailed in all expenditures of the government which, as the hon. member knows, are under a very strict system.

Mr. Knowles: I take it from what the parliamentary assistant has said that this is not in the nature of a fire insurance fund. I see that he agrees. This is simply the provision of money for an interim period in case a fire destroys a building or some other government property. Did I understand from what the parliamentary assistant said that it is the intention to ask parliament every time to replace money spent out of this fund by a specific vote for that purpose?

Mr. Benidickson: I would say it would not be the intention to do that on every occasion. It may be that the matter in question could be provided for through an item parliament had already voted, in other words a general item. But sometimes there fall short in the case of a rather extraordinary disaster. It is drawn to our attention that this might be very deleterious to the government service if it was necessary to wait for twelve months for parliamentary approval, and the contingency votes or some other allowances in the normal votes of the department did not provide an opportunity to replace the property that had been destroyed by fire.

Mr. Knowles: But in all cases, at one stage or another, it will be provided that parliament will have a chance to approve of the item in question?

Mr. Benidickson: The hon. member will know that parliament voted for the expenditure for the property in the first instance. Parliament annually would have voted a certain grant to a department for certain general purposes. If that sum was inadequate to take care of a replacement as the result of destruction of property, then this fund could be utilized if there was an urgency for replacement of the property within a period of, we will say, twelve months as a maximum, when parliament would not be available. But certainly if those resources were not available, then in the next session of parliament there would be a new vote which would be charged to the department concerned. Then the fund would have credited back the equivalent in money, as voted by parliament.

Mr. Knowles: I take it that it will not be necessary for the fund to have further moneys voted to it, apart from these moneys that replace the amounts spent? In other words, $5 million is the ceiling on this fund?

Mr. Benidickson: That is the maximum.

Mr. Hansell: We in this group have talked over the resolution. As we know, very often there are more details than meet the eye. It would seem from the resolution that the government is setting up a fund of $5 million to replace losses by fire of any government property, such losses to be returned to the fund at a later time through a vote by parliament, so the government would not be delayed in the replacement of the damage. That is what I understand about it. When the bill is introduced there may be other details that we do not know about.

Since we are at the resolution stage may I ask the parliamentary assistant this question, because a principle is involved here. Is it expected that the government may have to do more than meet the fire loss, we will say, in a certain project? Let me put before the parliamentary assistant a specific but

hypothetical case. Suppose a building worth $100,000 is completely destroyed by fire. Would the government assume the authority under this legislation to erect another building worth $2 million or $3 million, and instead of erecting it at the same location on Wellington street decide to put the building in some other place, even in Montreal?

That is an extreme case, and the parliamentary assistant will rise and say it is not probable that it could happen. I fancy that what we are really doing—and I am not saying we are not in favour of the resolution—is giving the government authority to replace losses even to the extent of rebuilding a project without our knowing what the project may be, or seeing the plans, or even being able to ask questions about the contract. Really that is what I envisage in this as a danger. I am not saying the government would do it. Perhaps they would bring about a serious filibuster at the next session of parliament if they did it; nevertheless I am under the impression that it could be done. Can the parliamentary assistant throw any light on that?

Mr. Benidickson: I appreciate the implication in the remarks of the hon. member for Macleod. He will also appreciate, of course, that legislation has to be reasonably elastic; and when we speak in terms of replacement of property I think he will understand that draftsmen for this type of legislation would likely provide that we would not be restricted by a limitation that would mean we would have only an expenditure equivalent to the original cost.

Hon. members will very quickly understand that if it were applicable to a building erected some 25 or 50 years ago the replacement value today would be very much greater than the cost of construction 25 years ago. My feeling is that in drafting a bill one would have to allow a certain amount of freedom in this respect. On the other hand, I would imagine that in examining the use of legislation of this type the official who is responsible to this house, the Auditor General, would doubtless draw to the attention of the house any very great departure from the intent as laid down by the particular act.

Mr. Knowles: Any departure at all.

Mr. Benidickson: Any departure at all, probably, even without taking into calculation the inflated costs of replacement, of something that was constructed 25 years ago and had to be replaced as the result of a fire, let us say, in the current year.

Mr. Knowles: One other question. There are three significant words here: "lost, destroyed or damaged". Do the words "through fire" qualify all three of those words?

Mr. Benidickson: I had not particularly studied that phrasing, Mr. Chairman, but having regard to the title of the bill, the introduction of the bill and the general phrasing I would think that "fire" is the governing word.

Resolution reported, read the second time and concurred in.

Mr. Chevrier (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 377, to establish an account for the replacement of government property lost, destroyed or damaged through fire.

Motion agreed to and bill read the first time.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

Hon. Lionel Chevrier (for the Minister of Trade and Commerce) moved the second reading of Bill No. 374, to control export and import of strategic materials.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): Mr. Speaker, it had been hoped that the house might have been able to deal with the second reading of this bill today, but I understand that it better meets the convenience of hon. members if second reading is simply called now and a statement is made with respect to the provisions of the bill which will amend and re-enact the Export and Import Permits Act.

The position is that the present Export and Import Permits Act will expire on the 31st day of July of this year. The bill now before the house will provide continuing authority for control over exports and imports for certain purposes. As regards exports, the purposes of control will be found set out in clause 3 of the bill; and as regards imports, in clause 5.

The scope of this bill is very similar to that of the present act, but there has been a marked change in the emphasis to be attached to some of its purposes. In the exercise of export control supply reasons or purposes have become relatively less important, and strategic purposes relatively more so.

The main changes sought under this bill as compared with the present act are intended to improve our system of control over the export of strategic materials. Control

over the movement of strategic materials is an international problem requiring a great deal of international co-operation. By a United Nations resolution Canada is committed to the embargo of the shipment of arms, ammunition and military material to communist China. Again we have an understanding with the United States by which we enjoy freedom on our own behalf from the operation of their export control, but we in turn undertake to control the re-export of United States goods from Canada to overseas destinations.

Along with the United States, the United Kingdom and most of our NATO allies, Canada seeks to promote uniformity in the list of commodities that are kept under control by each participating country. I mention these instances particularly because they serve to illustrate the ramifications of effective control in this field which bear directly on some of the provisions of this bill. Our chief problem is not in controlling the initial export of strategic materials from Canada but rather in following our control through to ensure that the goods are not diverted in transit to destinations that we have not approved.

There is no simple answer to the question, "What are strategic materials?" Obviously these include arms, ammunition and implements of war. They include also raw materials such as non-ferrous metals, minerals and chemicals in primary or manufactured forms; in fact, any product which has a significant usage in defence industries might be classed as strategic. Examples among the raw materials would be nickel, copper, lead, aluminum, asbestos—at least the spinning grades—and high-grade abrasives. In equipment, the list would include automatic machine tools, large generators and turbines, chemical plant and aircraft. With the powers provided under this bill we will make some changes in the present pattern of our export controls, and it is the intention to publish at an early date a schedule of what we generally regard as strategic materials so there need be no uncertainty in traders' minds.

Decisions to include or exclude items in the list of controlled commodities are made in consultation with other governments. These lists are under continual review by an international co-ordinating committee. There would be no point in our denying ourselves a market for machinery, for instance, which another country stood ready to exploit. There is no purpose either in our denying direct shipments of commodities such as nickel or aluminum if other countries are unwilling or unable to safeguard their re-exports of such materials received from Canada.

[Mr. Dickey.]

I believe that the basic machinery of our export control is well known to hon. members. Anyone seeing the permit application form would immediately grasp the essential facts. The exporter or his agent must be the applicant; the goods must be precisely described; quantity and value must be shown; any substantial United States content must be disclosed; the port of exit must be given; the country of ultimate destination must be named. The permit itself has to be surrendered to the customs officer clearing the export of any shipment, who holds a duplicate copy for checking purposes which is supplied directly to him by the Department of Trade and Commerce.

This procedure was adequate by itself when control of exports was intended solely to conserve supplies. Later it became necessary to institute import certification and delivery verification as we became more concerned with ensuring delivery to the specified destinations of our strategic materials. This procedure has been of special benefit in establishing the bona fides of the foreign importer where he is otherwise known to us only as a casual customer. Further steps may still be necessary to make it more difficult for unreliable operators to arrange diversion of goods in major transfer ports.

This is a more serious problem for European countries with a large entrepot trade, but we ourselves have to be equally careful of the business conducted through Canada, particularly that from United States sources. Moreover, we have always the responsibility that Canada shall not be used as a base for the type of trader in small arms and ammunition whose activities need to be closely watched.

Normally, diversion of a shipment is only possible after it has passed through customs in the export country and before it has reached the hands of the importer at its proper destination. Diversion occurs by cargo being rerouted on land or remanifested aboard ship, by transshipment in part, by reshipment from bonded warehouse, and in extreme cases by re-export from the importing country. At some point, therefore, new or altered instructions have to be given to the carrier or the holder of the goods. That act must be made illegal if it is committed knowingly and with illegal purpose or effect.

It is our purpose to work toward a minimum list of commodities under control but a maximum effectiveness of the machinery of control itself. In the past we have lifted export control from commodities as soon as conditions permitted. We have reduced the list of commodities controlled from 407 in 1948 to 184 in 1953. The number of licences

issued has fallen from 113,094 in 1948 to 26,635 in 1953, although the volume and value of our external trade in that period has expanded immensely. This shows how greatly the incidence of the controls has been reduced as regards what may be called normal trade.

We intend immediately to reduce the list of countries covered by our area control list. This means that, with the improved provisions of this bill relating to the control of in-transit diversions, we shall be able to relax the licensing requirements on shipments to almost all countries outside the Soviet bloc. With more effective means enabling us to better control back-door exports of United States goods via Canada we shall be able to de-list some commodities which we do not produce or which we do not classify as strategic in the forms in which they are available in Canada and from Canadian sources. Our over-all objective is the same as it always has been, to limit the control of exports to the essential minimum.

Apart from strategic controls, we still have export controls for supply reasons on a very short list of products and, of course, atomic materials remain under strict export control.

The provisions of this bill, Mr. Speaker, with regard to the control of imports, differ from those in the existing act only in that the purposes for which import control may be exercised, as set out in section 5, include specific authority "to implement an inter-governmental arrangement or commitment." This change is being made to define more clearly the power that is required from time to time to carry out arrangements with other countries, particularly with the United States. It is preferable on occasion that we control our imports at the request of the United States, rather than leave it to the United States to impose export controls on shipments to Canada. The wisdom of this course has, I believe, been well proven over a period of years.

On motion of Mr. Bell the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, tomorrow we shall take second reading of the Emergency Gold Mining Assistance Act; second reading of the Export and Import Permits Act; and if there is any time left we shall consider once again the Criminal Code.

On motion of Mr. Chevrier the house adjourned at 9.55 p.m.

HOUSE OF COMMONS

Wednesday, March 17, 1954

The house met at 2.30 p.m.

ST. PATRICK'S DAY

MR. MCIVOR—GREETINGS TO MR. SPEAKER AND MEMBERS OF THE HOUSE

Mr. Daniel McIvor (Fort William): Mr. Speaker, on a question of privilege, on behalf of the Irishmen in this house and in other places I should like to extend to you, and to all those over whom you preside, greetings on this great day; and my wish for you is that you may have success and happiness so that at the end of your day it can be said, "Well done, good and faithful servant."

Mr. Speaker: I thank the hon. member for his good wishes, not only for myself but for all members of the house. I think we will take his advice and ever pray to St. Patrick for his blessings.

QUESTIONS

WHEAT PURCHASES BY MILLING COMPANIES

Mr. Zaplitny:

1. What quantities of wheat were purchased from the Canadian wheat board by Canadian and/or American milling companies, based in store Fort William-Port Arthur, on each of the following dates: February 16, 17, 18, 19, 20, 22, 1954 and March 8, 1954?

2. What was the average price per bushel paid for such purchases on each of the above dates?

Mr. Dickey:

1. It is not the policy of the Canadian wheat board to disclose its position with respect to sales during a current crop year.

2. See answer to No. 1.

FEED WHEAT PURCHASES

Mr. Zaplitny:

1. What quantities of wheat were purchased from the Canadian wheat board, for the purposes of feed, based in store Fort William-Port Arthur, on each of the following dates: February 16, 17, 18, 19, 20, 22, 1954 and March 8, 1954?

2. What was the average price per bushel received for such wheat on each of the above dates?

Mr. Dickey:

1. It is not the policy of the Canadian wheat board to disclose its position with respect to sales during a current crop year.

2. See answer to No. 1.

MARRIED WOMEN EMPLOYED

Mr. Purdy:

1. What is the approximate number of married women whose husbands are employable, included in the civilian working force of Canada?

2. What is the approximate number of married women whose husbands are employed, included in the total of those applying for jobs through the unemployment insurance commission?

3. What is the approximate number of husbands whose wives are employed, included in the total of those applying for jobs through the unemployment insurance commission?

Mr. Gregg:

1. The estimated number of married women in the civilian labour force in Canada was 387,000 in January, 1954. The number of these whose husbands were employable is not known.

Source: Dominion bureau of statistics' labour force survey.

2 and 3. Information not available.

TRANSPORTATION FATALITIES

Mr. Knowles:

What is the rate of fatalities (a) for Canada; (b) for North America, or for whatever portion thereof for which figures are available, per one hundred million passenger miles travelled (or other available base) for each of the following modes of transportation: (i) by train; (ii) by commercial regularly scheduled air services; (iii) by commercial bus routes; (iv) by automobile?

Mr. Dickey: Rate of passenger fatalities per 100 million passenger miles:

(a) for Canada, 1952; (1) By train, 0·06; (2) By commercial regularly scheduled air services—domestic, nil; international, nil; (3) By commercial bus routes, not available; (4) By automobile, not available.

(b) for United States of America, 1952*; (1) By railroad passenger train, 0·04; (2) By scheduled air transport planes, 0·35; (3) By commercial bus routes, 0·16; (4) By passenger automobiles[1] and taxis, 2·8.

[1] Drivers of automobiles are considered as passengers.

*Source: "Accident Facts, 1953 Edition" published by national safety council, Chicago, Illinois, page 77.

ARTHRITIC AID

Mr. Gillis:

1. How many hospitals in Canada offer arthritic aid as a specialty?

2. What are the names of such hospitals and where are they located?

Questions

Mr. Dickey: I should like to answer this question orally. The information requested by the hon. gentleman as to hospitals in Canada which offer arthritic aid is not available. However, the dominion bureau of statistics in their 1953 hospital schedule have asked each hospital to report if an arthritic clinic is (a) operated by the hospital or (b) operated by other agencies. The tabulation of the answers to the 1953 schedules will not be available for about three months, but at the end of that time the information should be available to the hon. gentleman and the house.

MARITIME NATIONAL PARKS—ROADS

Mr. MacLean:

What is (a) the date of founding; (b) the area; (c) the total amount spent since founding; (d) the amount spent each year since 1945; (e) the amount of hard-surfaced road built to date and the cost in each of the three national parks in the maritime provinces?

Mr. Winters:

1. Cape Breton Highlands National Park

(a) Established—National Parks Act, chapter 43, 1936.

(b) Area—390 square miles.

(c) Total expenditures—$5,449,993 to December 31, 1953.

(d) Expenditures by fiscal year:

1944-45	$ 48,979	
1945-46	54,383	
1946-47	118,881	
1947-48	105,372	
1948-49	728,163	
1949-50	696,628	
1950-51	1,273,100	
1951-52	331,457	
1952-53	311,211	
1953-54 (Dec. 31/53)	350,645	
		$4,018,819

(e) Hard-surfaced roads built to date—nil. Cost—nil.

2. Fundy National Park

(a) Established—Order in council P.C. 1300, March 31, 1948 pursuant to the provisions of the National Parks Act of 1937.

(b) Area—79½ square miles.

(c) Total expenditures—$3,133,406 to December 31, 1953.

(d) Expenditures by fiscal year:

1948-49	$ 539,625	
1949-50	871,556	
1950-51	834,890	
1951-52	469,700	
1952-53	219,012	
1953-54 (Dec. 31/53)	198,623	
		$3,133,406

(e) Hard-surfaced roads built to date—13·0 miles. Cost by fiscal year: (hard surfacing only)

1949-50	Nil	
1950-51	Nil	
1951-52	$ 218,023	
1952-53	Nil	
1953-54	Nil	
		$ 218,023

3. Prince Edward Island National Park

(a) Established—National Parks Act, chapter 43, 1936.

(b) Area—7 square miles.

(c) Total expenditures—$1,284,193 to December 31, 1953.

(d) Expenditures by fiscal year:

1944-45	$ 22,867	
1945-46	24,883	
1946-47	39,260	
1947-48	45,847	
1948-49	125,204	
1949-50	127,019	
1950-51	162,617	
1951-52	153,689	
1952-53	128,005	
1953-54 (Dec. 31/53)	109,703	
		$ 939,094

(e) Hard-surfaced roads built to date—10·4 miles. Cost by fiscal year: (hard surfacing only)

1949-50	Nil	
1950-51	Nil	
1951-52	81,783	
1952-53	23,052	
1953-54	21,995	
		$ 126,830

CANADIAN NATIONAL RAILWAYS—BASIC PENSION

Mr. Knowles:

1. Has any provision yet been made for any increase in the pensions of retired employees of the Canadian National Railways who are in receipt of only the basic pension of $25 per month?

2. Has any reconsideration been given by the government at any time since the matter was last discussed in the House of Commons on May 12, 1953, to increasing the amount of the said basic pension? If so, what is the result of such consideration?

3. Has the management of the Canadian National Railways, at any time since May 12, 1953, discussed with the government the possibility of the amount of the said basic pension being increased? If so, are there any records of such discussions?

4. Has the management of the Canadian National Railways, at any time since May 12, 1953, asked the government to approve of the Canadian National Railways increasing the amount of the said basic pension? If so, what was the government's answer?

5. Has the management of the Canadian National Railways, at any time since May 12, 1953, asked the government to take the responsibility for providing an increase in the amount of the said basic pension? If so, what reply has the government made to any such request?

6. If no decision has yet been taken on this matter by the government, is the matter now under consideration?

Mr. Chevrier: I should like to deal with this question orally. There has been no change in the position in regard to an increase in the basic pension granted to retired employees of the Canadian National Railways since it was fully discussed in the house and in the railways and shipping committee in 1952, nor have representations been received from the management of the railway on this question. The answer to each of the six parts of this question would be no.

UNEMPLOYMENT INSURANCE COMMISSION —RECEIPTS AND PAYMENTS

Mr. Regier:

1. What were the receipts of the unemployment insurance commission for the month of December 1953?
2. How much money was distributed during December 1953, to the unemployed under the terms of the act?
3. What were the receipts for the year 1953 of the unemployment insurance commission?
4. What were the benefits paid to the unemployed under the terms of the act during 1953?

Mr. Gregg:

1 and 3. The amounts credited to the unemployment insurance fund are as follows:

December 1953	Year 1953
Employer and employee contributions	
$13,886,442	$159,355,393
Government contribution	
$2,773,905	$31,867,604
Interest and miscellaneous	
$2,308,695	$25,611,533
Total	
$18,969,042	$216,834,530

2 and 4.

December 1953	Year 1953
Benefits paid	
$16,871,695	$157,869,183

ANNUAL LEAVE—LETTER CARRIERS

Mr. Knowles:

1. Have any circular orders been issued by the Post Office Department, dated since February 18, 1954, advising letter carriers as to arrangements for annual leaves following the institution of the five-day 40-hour week?
2. If so, how many of such circular orders have been issued, what are their numbers, and what were their dates of issue?
3. What are the terms of such orders in relation to the arrangements for annual leaves for letter carriers?
4. Did a subsequent order alter the terms of an earlier order? If so, in what respect?
5. Do the terms of the latest order alter the established practice of annual leaves for letter carriers being arranged on the basis of seniority?
6. If so, have protests been received against any such change?
7. From whom?
8. Has consideration been given to such protests? If so, what is the result of such consideration?
9. Will the practice of annual leaves for letter carriers being arranged on the basis of seniority be reinstated?

Mr. Kirk (Shelburne-Yarmouth-Clare):

1 to 9.

To ensure the successful application of the five-day 40-hour week certain modifications of previous practices are essential. These changes are not derogatory to the general principle of the selection of annual leave by seniority in length of service.

The adoption of the rotation scheme whereby supervisory carriers relieve men on each of several walks in turn, from a standpoint of practical application, necessitates annual leave being taken within groups of 12 or 13 employees.

Two circular orders were issued; the first OBPS 299 of the 19th February outlining the application of annual leave on a basis of seniority within the group without regard to rank; the second OBPS 299D of the 26th February modifies the first and recognizes the supervisory rank of the supervisory letter carriers, indicating that seniority would be arranged first on a basis of rank and then the remainder of the employees on the basis of length of service.

Protests have been received from the national office of the federated association of letter carriers and also from several individual branches protesting against the supervisory class being given a choice of annual leave ahead of those letter carriers who wish to deliver on a single walk only and who do not wish to apply for or accept supervisory responsibilities.

Consideration is being given to this protest, and if it is possible to adopt the absolute rule of seniority within the groups that will be done. However, the basic requirement is that the interests of the public service must predominate.

Information so far received indicates that to give effect to the five-day week on April 1, 1954, it may be necessary to grant the holiday choice privilege to supervisory letter carriers at least at certain offices.

MICHEL SISCO

Mr. Stewart (Winnipeg North):

1. Is Michel Sisco alias Antonine D'Agostine a Canadian citizen?
2. If not, has he applied for citizenship?

Questions

3. Has he been given any permit to stay in Canada?
4. If so, on whose recommendation?
5. When did he enter the country?
6. Did he have a passport in his possession?
7. If so, authorized by what government?
8. If not, how did he enter the country?

Mr. Harris:

1. No.
2. No.
3. No.
4. Not applicable.
5. No record of entry.
6. No information.
7. Not applicable.
8. Not known.

CANADIAN NATIONAL RAILWAYS—PENSIONS

Mr. Knowles:

1. How many retired employees of the Canadian National Railways are in receipt of pensions of less than $25 per month?
2. How many are in receipt of only the basic pension of $25 per month?
3. How many are in receipt of non-contributory service pensions, (a) $25.01 to $29.99 per month; (b) $30.00 to $39.99 per month; (c) $40.00 to $49.99 per month; (d) $50.00 to $59.99 per month; (e) $60.00 to $69.99 per month; (f) $70.00 to $79.99 per month; (g) $80.00 to $89.99 per month; (h) $90.00 to $99.99 per month; (i) $100.00 to $124.99 per month; (j) $125.00 to $149.99 per month; (k) $150 or over per month?
4. How many are in receipt of pensions in part basic and in part contributory, (a) $25.01 to $29.99 per month; (b) $30.00 to $39.99 per month; (c) $40.00 to $49.99 per month; (d) $50.00 to $59.99 per month; (e) $60.00 to $69.99 per month; (f) $70.00 to $79.99 per month; (g) $80.00 to $89.99 per month; (h) $90.00 to $99.99 per month; (i) $100.00 to $124.99 per month; (j) $125.00 to $149.99 per month; (k) $150 or over per month?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

(1) 14 (Pensioned under C.N.R. plan prior to 1935).

(2) 3,200.

(3)

(a)	$ 25.01	to	$ 29.99 per month	1,018
(b)	$ 30.00	to	39.99 per month	644
(c)	$ 40.00	to	49.99 per month	395
(d)	$ 50.00	to	59.99 per month	198
(e)	$ 60.00	to	69.99 per month	95
(f)	$ 70.00	to	79.99 per month	87
(g)	$ 80.00	to	89.99 per month	36
(h)	$ 90.00	to	99.99 per month	29
(i)	$100.00	to	124.99 per month	44
(j)	$125.00	to	149.99 per month	15
(k)	$150.00	or over	per month	17
				2,578

[Mr. Stewart (Winnipeg North).]

(4)

(a)	$ 25.01	to	$ 29.99 per month.....	380
(b)	$ 30.00	to	39.99 per month.....	1,835
(c)	$ 40.00	to	49.99 per month.....	1,515
(d)	$ 50.00	to	59.99 per month.....	1,118
(e)	$ 60.00	to	69.99 per month.....	1,047
(f)	$ 70.00	to	79.99 per month.....	1,002
(g)	$ 80.00	to	89.99 per month.....	940
(h)	$ 90.00	to	99.99 per month.....	806
(i)	$100.00	to	124.99 per month.....	1,519
(j)	$125.00	to	149.99 per month.....	960
(k)	$150.00	or over	per month.....	1,450
				12,572

QUESTIONS PASSED AS ORDERS FOR RETURNS

HALIFAX AIRPORT—EXPENDITURES

Mr. Balcom:

What was the total expenditure made on the Halifax airport at Eastern Passage during each of the last five years on (a) maintenance; (b) extension and improvements?

Mr. Pickersgill: I have spoken to the hon. gentleman about this question and he has agreed to have it amended so that the phrase beginning with the word "during" would read:

during the fiscal years from April 1, 1950, to December 31, 1953.

With that amendment I should like to ask that it stand as an order for return.

NEWSPAPER AND MAGAZINE SUBSCRIPTIONS

Mr. Gagnon:

1. With the exception of the publications intended for the reading rooms of the Senate and the House of Commons, how many subscriptions to newspapers, reviews, magazines or other publications are paid by the government for the benefit of the employees or other persons interested in the administration?
2. How many in each department?
3. What total amount was paid for that purpose during the last fiscal year?

Mr. Pickersgill: I spoke to the hon. member for Chicoutimi about this question and pointed out to him that the government did not pay for subscriptions to newspapers, etc., "for the benefit of employees or other persons interested in the administration", but only for the public service. If those words could be dropped and "in 1952-53" inserted in their place, this question could stand as an order for return. I understand the hon. gentleman is agreeable.

(Translation):

Mr. Speaker: Does the hon. member accept the correction suggested by the minister?

Mr. Gagnon: Yes, Mr. Speaker.

(Text):

MOTIONS FOR PAPERS

ST. LAWRENCE WATERWAY

Mr. Diefenbaker:

For a copy of all correspondence that passed between any department of the government of the United States and any department of the government of Canada, and a copy of all agreements entered into, since the 1st day of January, 1952, in connection with the St. Lawrence waterway and power project.

Mr. Claxton: Mr. Speaker, the Secretary of State for External Affairs (Mr. Pearson) is now en route from Washington and will arrive in Ottawa this evening. I would therefore ask the hon. gentleman to allow this motion to stand.

Mr. Speaker: Is it agreed?

Mr. Diefenbaker: Yes.

HAROLD C. BANKS

Mr. Hamilton:

For a copy of all letters, telegrams, recorded telephone conversations or any other communications or documents, from January 1, 1947 to date, relating to the case of Harold C. Banks: (a) between the Minister or Department of Labour, the Minister or Department of Citizenship and Immigration, the Minister or Department of Justice, and/or any other person or persons, corporation or government; (b) between any two or more of the above mentioned ministers or departments.

Mr. Harris: Subject to the usual reservations, Mr. Speaker.

Mr. Speaker: Carried, subject to the statement by the minister.

SUPERANNUATED FEDERAL CIVIL SERVANTS

Mr. Knowles:

For a copy of all letters, communications, briefs or memoranda received by the Minister of Finance, or received by any other minister and referred to the Minister of Finance, dated at any time since January 1, 1952, from associations or organizations representing superannuated federal civil servants, or from any officers thereof, together with a copy of the replies of the Minister of Finance thereto.

Mr. Claxton: Mr. Speaker, I would ask that this motion be allowed to stand in the absence of the Minister of Finance (Mr. Abbott).

PUBLIC BUILDINGS

VANCOUVER POST OFFICE—FINISHING MARBLE

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I would like to ask the Minister of Public Works whether there is any possibility of the finishing marble for the Vancouver post office being obtained in Italy. I ask that because there is grave concern over this matter.

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I have had no prior notice of this question, except that the hon. member was kind enough a moment ago to show me a telegram he received relating to this matter. I will be very glad to look into it and bear in mind the point he has raised.

POST OFFICE

INQUIRY AS TO SUPERSEDING OF ORDER NO. 299

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, I would like to direct a question to the Postmaster General. Will the minister explain why circular order 299D superseded order No. 299 and deprived regular letter carriers of their seniority in the matter of annual leave in favour of the supervising staff?

Hon. Alcide Coté (Postmaster General): Mr. Speaker, I did not receive prior notice of this question, but I believe it is similar to the question asked a few days ago. This question is now under consideration by my officers in the department and I shall be glad to report on the matter as soon as possible.

Mr. Knowles: That is what the minister has told me twice already.

INQUIRY FOR RETURN

HAROLD C. BANKS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. Can the minister say when I may expect the return which was ordered on February 25 and which it was intimated might be available this week?

Hon. W. E. Harris (Minister of Citizenship and Immigration): It is available, though it has not come to my desk as yet.

Mrs. Fairclough: Can I expect it tomorrow?

Mr. Harris: I hope so.

IMMIGRATION

PRESS REPORT CONCERNING ADVERTISING FOR WORKERS IN HOLLAND

On the orders of the day:

Mr. J. W. Noseworthy (York South): Mr. Speaker, may I direct a question to the Minister of Citizenship and Immigration?

Will the minister comment on the published statement in yesterday's *Globe and Mail*, a copy of which I sent him, to the effect that the Canadian government, through radio, press and employment offices in Holland, is advertising for workers in the metal industry in Canada, and will the minister tell us where this employment is available?

Hon. W. E. Harris (Minister of Citizenship and Immigration): Mr. Speaker, the hon. member was kind enough to send me a copy of the announcement in the *Globe* which contains the statement he describes. The actual situation is that this is a letter to the editor from a person in Welland and we are attempting to obtain information from him about that letter. The short answer at the moment, however, is that the Canadian government does not advertise in any form in Holland and I do not believe this is occurring as indicated in the letter.

COMBINES INVESTIGATION ACT

ADVERTISING OF CIGARETTES AS LOSS LEADERS

On the orders of the day:

Mr. J. G. Diefenbaker (Prince Albert): Mr. Speaker, I would like to direct a question to the Minister of Justice. Has any investigation been launched by the combines investigation branch into the question of the advertising of cigarettes as loss leaders? When will that investigation be launched, and is it the intention of that branch to have sittings across the country in reference to this matter before a report is brought in?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, my hon. friend has asked this question without giving prior notice, and his words are rather peculiar. He asks, "Has there been launched an investigation into the advertising of cigarettes as loss leaders?" There has been an investigation going on for some time into the general subject of loss leaders, as has been announced in this house; and that includes cigarettes as well as other matters. It probably will include advertising of cigarettes as well, although I would not like to say without notice that it does. However, I shall be glad to look into the matter and if it is necessary to amend the answer I have given today I shall be glad to do so.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO 1954

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the second reading of Bill No. 376, to amend the Emergency Gold Mining Assistance Act.

[Mr. Noseworthy.]

Mr. Fleming: Does the minister intend to make a statement on second reading?

Mr. Prudham: Mr. Speaker, I have nothing further to add to the statement I made on the resolution.

Mr. Speaker: Order. Will the minister be kind enough to wait until hon. members who have duties to perform outside the house leave their seats?

Mr. Prudham: The bill before us proposes to extend emergency gold mining assistance for the year 1954. Several hon. members asked questions during the debate on the resolution and I would prefer to wait until we reach the committee stage before answering those questions. However, there was one question in particular which perhaps I should answer at this time. The hon. member for York South (Mr. Noseworthy) asked if a mine benefited under the Emergency Gold Mining Assistance Act during a strike. In calculating emergency gold mining assistance payments to a mine, two factors have to be considered: first, the rate of assistance, and secondly, the number of ounces produced which made that mine eligible for assistance. It is obvious that if there is no production there can be no gold eligible for assistance and therefore no payments during that period. Administrative or overhead costs, or anything which is normally considered an overhead cost, are not eligible for gold mining assistance payments during the period of a strike. In other words, a mine cannot benefit in any way whatsoever from the gold mining assistance during the period of a strike. The rate of assistance is calculated on the cost of production, assuming that there was a full year's operation. That rate is applied only to the assistance ounces eligible. When there is no production, there is no gold eligible for assistance.

Mr. Rodney Adamson (York West): Mr. Speaker, I see no reason why this bill should be unduly held up at this moment. However, I just wanted to answer certain statements which were put on the record by the hon. member for York South (Mr. Noseworthy) with regard to the earnings of gold mining companies. Of the 53 straight gold mines which are at present in production, the average yield is rather less than 2½ per cent on the present price of the stock. May I say that that yield is considerably under the yield of any group of manufacturing stocks or that on stocks of any other producers of primary products. As to dividends paid, for the straight gold mines in 1953—that is the 53 straight gold mines which were producing—the average dividend was 15 cents. If one excluded the McIntyre mine

which is now more of an investment trust than a gold producer, the average dividend would fall to 9 cents. I merely wanted to put these facts on the record in order to show that today the gold mining industry is not making profits and is virtually scraping the bottom of the barrel.

As to wages, while the wages paid in the straight gold mining industry are less than those paid in the base metal mines, nevertheless they compare favourably with and are very much higher than the average of industrial wages across Canada. I have the statistics in front of me but I will not burden the house by putting them on the record. However, they are here in the dominion bureau of statistics' statistical review and in the *Labour Review*.

There is one other comment I should like to make with regard to wages in the gold camps and it is this. The cost of living in the settled camps is considerably lower than that in places such as Sudbury or the industrial centres of southern Ontario and industrial Quebec. Rents are lower. The cost of living generally is lower. Hence, after the cost of living has been taken out, the balance position of the gold miner at the end of the month is, I submit, little if at all inferior to that of the worker in any other industry in Canada.

I think that is all I wish to say on the bill now, Mr. Speaker. As I said yesterday, we support it. I will not repeat anything I said yesterday on the matter. I merely wanted to correct a statement which I believe can be shown to be untrue.

Mr. J. W. Noseworthy (York South): Mr. Speaker, it is not my intention to delay the passage of this bill. When speaking earlier on this subject I made it clear that we would support this bill. There are, however, certain things that we think should be taken into consideration at this time.

When speaking on the resolution yesterday I emphasized the fact that among those interested in the gold mines in the north there was a growing demand for the setting up of a commission or a special committee to consider the present status of the gold mining industry. As I indicated then, there is a great deal of confusion with regard to that status. The mine owners have certainly succeeded in selling to the government, to the press and to the Conservative party the idea that gold mining is a depressed industry at the present time. The mine owners succeeded in persuading the public, through the press, that last winter they could not afford to pay the increased wages asked for by the miners nor to introduce shorter hours for the work-week which is now a 48-hour week, notwithstanding the fact that six conciliation boards under the chairmanship of Mr. Eric Taylor, Judge Lane, Judge Fuller and Professor Curtis, after examining the financial statements of these mines, had all found that, in their opinion, the mines could afford to grant the increase in wages asked for and a shorter work-week, and so recommended in their report.

There is also some confusion as to whether or not this act is fulfilling the purpose for which it was intended. In the report on the administration of the act, we are told this:

> The Emergency Gold Mining Assistance Act of 1948 was primarily designed to assist the high cost or marginal gold mines to continue operations throughout the difficult post-war period.

There is a question whether the act as it stands at present, and with the present regulations, meets that need. There is some doubt as to the extent to which the public funds paid to the gold mines does that. This year these funds will probably amount to about $13 million. From a return handed down, I gather there is another cost of approximately $65,000, that being the cost of administering the Emergency Gold Mining Assistance Act to the Department of Mines and Technical Surveys and the Department of Finance. As handed down in the return in my name, the total cost of administering this act in 1953 would be approximately $65,000.

With so much public money going into the industry, it is certainly relevant to ask whether the miners and the communities affected are receiving the benefits from this act or whether the benefits of this public money are being siphoned off in profits to directors, shareholders and mining stock speculators. Charges have been made and evidence has been given before conciliation boards to the effect that neither the miners nor the communities have benefited from the funds which the federal government has provided. That is one reason why I think there should be a more thorough investigation of the whole situation.

The act purports to exist for the purpose of assisting high-cost or marginal gold mines to continue operation. Actually, in 1952, of the $10,359,000 paid in gold subsidies $1,390,000 went to two mines, Hollinger and McIntyre. In that year sixty-one mines applied for subsidies. Approximately $9 million was divided among the remaining fifty-nine, whereas the lion's share of the subsidies certainly went to the two largest gold mines.

The question arises whether or not these mines were deliberately budgeting for a deficit on their operations in order to take the fullest possible advantage of the subsidies paid by the federal government. There

is some evidence from their reports that unusual quantities of low grade ore were used with the higher grades in order to maintain minimum production from the ores mined so that the greatest possible benefits could be derived from the subsidies. There are other equally important questions which I think can only be solved by a thorough-going investigation of the whole gold mining industry in relation to the general economy of the country. I would urge the minister to take that into consideration.

I was very happy to hear from the minister that no subsidy could possibly be paid for gold that was not produced and that the mines could not benefit from the subsidy while they were on strike. I want to point out to the minister my reason for believing that such was possible by referring to section 6(1)(d) of the Emergency Gold Mining Assistance Act which provides as follows:

> . . . where the operation of a mine is suspended during part of a designated year for a reason specified in the regulations . . . payments may be made . . . in such amount as would have been payable . . . if the mine had been in normal operation throughout the designated year . . .

Then I turn to regulation 15 of order in council P.C. 2664 of June 11, 1948. This regulation includes suspension of operation by strike and provides in part as follows:

> . . . assistance payments may be made for the gold actually produced during the year in such amount as would have been payable in respect of that gold if the operation of the mine had not been suspended . . .

Those who have given considerable study to that regulation, including some auditors, have reached the conclusion that it would appear that if operations were suspended for thirty days only the period of thirty days would be treated as if there had been no suspension, but where suspension of operations is more than thirty days then it would seem that at least part of the cost to the company of suspension of operations is included in the costs for the purpose of determining the assistance payable under the act.

I have before me sessional paper 78-B which purports to be a copy of the report made by the cost inspection and audit division of the office of the comptroller of the treasury with respect to Hollinger for the year 1951 during which year the mine was on strike for fifty-eight days. I find that the production for the designated year 1951 was 241,429.898 fine ounces. I also find that the production for the designated year 1951, if the mine had not suspended operations, works out by the application of the formula to 287,004.167 fine ounces, which is about 46,000 more than the number of ounces actually produced. Then I find that in working out the assistance ounces, if the mine had not suspended operations, the figure 287,004.167 is used instead of the figure of 241,000, which was the actual production for that year.

From that return it would appear that in that particular case some advantage accrued to the mine for the period of fifty-eight days during which it was closed down. I am quite sure that everyone interested will be very happy to have the public assurance of the minister that mines cannot profit from this act when they are on strike. I would point out to the minister that that is fair. Under the Unemployment Insurance Act no employee may collect unemployment insurance while his firm is on strike, and it is only fair that the same rule should apply to employers and that they should not be able to benefit in any way from federal revenues by reason of the fact that they are on strike.

I would ask the minister to have his department look over that return, sessional paper No. 78-B, entitled "Cost Inspection and Audit Division, Office of the Comptroller of the Treasury," dated August 14, 1952, in which the number of assistance ounces was calculated as I have indicated. It may be that the minister can show me from that calculation that Hollinger did not benefit in any way from those fifty-eight days. I will admit that the formula is a very complicated one, and it would take someone as conversant with it as the minister himself to be able to tell us whether or not that is true.

Mr. H. W. Herridge (Kootenay West): I only want to speak for a few minutes, Mr. Speaker. The hon. member for York South (Mr. Noseworthy) yesterday and today put very well the point of view of this group, and the questions in which we are particularly interested. I do not see, therefore, any particular reason for repeating his explanation and his arguments.

There are many miners in British Columbia interested in this legislation. As a consequence representatives of the international union of mine, mill and smelter workers came to Ottawa and made representations on behalf of their members in Canada to the Minister of Mines and Technical Surveys (Mr. Prudham), the Minister of Labour (Mr. Gregg), and the Minister of Fisheries (Mr. Sinclair). I may say that union has represented the hard-rock miners in British Columbia since 1896, so it has had considerable experience with the problem of miners and particularly with those of the gold mining industry.

When in Ottawa the union representatives presented a brief to the ministers in question, and I understand they received a courteous and careful hearing. As a result of their

experience they made certain representations. I am not going to deal with the brief at length but I should like to read the final recommendation from the statement and proposals adopted by the sixth Canadian convention of the international union of mine, mill and smelter workers, for submission to the government of Canada. The proposal reads, and I support it:

> Finally, we urge that a federal inquiry be undertaken into the gold mining industry in Canada, with the right of all interested parties to appear before the inquiry board, to give evidence and make proposals to assist the industry and for the advantage of the workers employed in it.

Now, Mr. Speaker, I want to make this point. It is obvious from the situation that has developed in the gold mining industry in recent years, and it is obvious from the minister's remarks that the industry is not in the condition today that the government expected it to be in when this measure of assistance was first introduced. There is a great deal of uncertainty. The workers in the industry are not satisfied with their conditions. They have no sense of security. I should like the minister, when he concludes this debate, to give consideration to this recommendation, which I believe was previously mentioned by the hon. member for York South. It seems to me to be a sound recommendation. I should like the minister to inform the house if he would recommend to his colleagues that an inquiry into the gold industry in Canada be undertaken by the federal government, in view of the situation illustrated by recent events, this debate, and by the remarks of the minister upon introducing the bill from year to year when renewal of the measure was under consideration by the house.

Mr. Armand Dumas (Villeneuve): The gold mining industry would be in a very different position today were the price of its product in relation to the prices of other commodities comparable to the prices which prevailed before the second world war. Unfortunately, it is the other way around. The price of gold was kept down to the 1934 basis of $35 in United States currency and the cost of production has gone up.

In view of this, it must be realized that the industry has no other alternative but to accept government assistance, even if this assistance is short of compensating for the rise in production costs. An advance in the price of gold is the only permanent solution to the problem of the gold mines, but as Canada is not the largest producer or seller of the precious metal we cannot dictate the price or influence the buyers by refusing to sell. We are faced with this problem, that the price of gold can only be raised by joint international action for which the initiative rests with the United States.

Canada would certainly stand to gain from an increase in the official price of gold. Not only would a higher price be of direct benefit to the Canadian gold producers and those dependent upon them, but by increasing the United States dollar value of gold the official reserve held outside the United States would ease some of the exchange difficulties and lead to an increase in Canadian export. However, the price of gold is not something that our government alone has the power to determine. The predominant position of the United States, as the world's largest holder and buyer of gold, means that the value the United States government places on gold in terms of its own currency is the official world price. Only lately our influential friends to the south have again stated that the price should stay at $35 in United States currency, and that is all there is to it.

We are all aware that the production and sale of gold is of great importance to the Canadian economy. Until there is an increase in the price, we must agree that the government will have to continue to assist the industry. Let us review what has happened to the gold mining industry in Canada during the past years, and more particularly since 1948 when the Emergency Gold Mining Assistance Act came into force. Let us see if the government has so badly invested the Canadian taxpayers' money, if the gold producers have abused the assistance received, and if the miners and other people dependent on the industry have not benefited by it.

It is not my intention to take the time of the house to review the causes for the seriously handicapped operations of the gold mining industry in Canada since the early years of world war II. However, let me say that during those years the gold producers were sharply restricted in supplies, equipment and manpower. The volume and dollar value of production were reduced to practically one-half by the end of the war. During the years immediately following the end of the war rapidly mounting costs pressing against the ceiling of a fixed price for gold brought the industry to a precarious position. The figures published by the dominion bureau of statistics show that the operating costs of Canadian gold mines have risen by 35 per cent during the period between the year 1941, when the price of gold was $38.50 an ounce, and the year 1948 when the price of gold was $35 an ounce. Since 1948, when cost aid was instituted, the upward trend of costs has been particularly marked. During the period between 1948 and 1951 wages

rose 32·3 per cent, costs of supplies 34·7 per cent and freight costs close to 50 per cent. Those three items of cost together constitute 84 per cent of the total cost of operation of the average gold mine.

After 1951 the upward trend has continued, and we can say that during the past eight years the gold mines have been waging a hard battle. They have tried to maintain production in the face of rising costs, with no offsetting increase in the price of gold. The most recent report published by the Department of Mines and Technical Surveys shows that for the year 1952, of the 56 lode gold mines which were in receipt of cost aid, thirty-five are reported as having costs in excess of $35 an ounce, sixteen are reported as having costs in excess of $30 an ounce, and only five are reported as having costs between $25 and $30 an ounce.

From this it will be realized that the majority of the gold mines would be unable to maintain production at the current price of gold, without assistance; and that sixteen other mines are in a precarious position, where costs and revenue are about in balance. In that same report which I have just mentioned we find that from 1948 to 1951 inclusive at least 50 per cent of the gold mines in receipt of cost aid have been reported as having costs in excess of $35 an ounce.

To alleviate the disastrous effect which the Canadian gold mining industry and the communities dependent upon it were suffering, as a result of the closing vise of mounting costs against a fixed price, the government introduced in 1948 this legislation, which we now hope will be extended to the end of 1954.

As previously mentioned, the Emergency Gold Mining Assistance Act was sanctioned in 1948, and it was to stay in force for three years. In 1951, 1952 and 1953 it was extended and amended and each time a bill was introduced in the house to this effect there was very little or no opposition. This time it looks to be the same thing; but there are insinuations that there has been abuse of this assistance, that it did not benefit the miners and communities dependent upon the industry.

Before I present some facts which will prove that the assistance provided by the government did benefit the miners and mining communities, I wish to go back to the debate which took place in 1948 during the second reading of the bill respecting emergency payments to assist in meeting increased costs of production of gold. I wish to refer to some of the remarks made at that time by the leader of the C.C.F. party. This is very important, Mr. Speaker, because at that time the hon. member for Rosetown-Biggar (Mr. Coldwell) did not oppose the measure which was then before the house; but he made certain observations and did insist that the said measure was acceptable only under certain conditions.

As reported at page 2675 of *Hansard* for April 6, 1948, the hon. member for Rosetown-Biggar had this to say:

> I think this can be justified only if we accept certain considerations which should be fundamental to the granting of any subsidy of this kind, namely that the subsidy should not be used for the profit of the owners of the mines but should be granted only if we have not merely an understanding but a definite undertaking that the men engaged in the mining industry are paid decent and sufficient wages and work and live under decent and proper conditions.

And later the hon. member had this to say:

> May I say to the minister I have been told that when the representatives of the unions discussed this matter on one occasion with one of the ministers, I believe the Minister of Trade and Commerce (Mr. Howe), he was willing to accept the suggestion that some sixty per cent of the grants made by the government under a measure such as this should be used for the improvement of conditions of labour and of health, and the rates of pay of the men engaged in the industry.

And again:

> In any event, whatever we do in matters of this kind should be done with the distinct understanding, and, as I said, on the distinct undertaking, that a proper proportion of whatever aid is given shall be used for the improvement of conditions among those who risk life and limb and health in the mining of gold.

From what I have just cited, I suppose I am right in saying that the leader of the C.C.F. party gave his approval of the measure then before the house subject to certain conditions: First, that the men engaged in the mining industry were to be paid decent and sufficient wages; and second, that they were to work and live under decent and proper conditions. And I presume that I am right also in saying that it was proposed to accept the suggestion that some sixty per cent of the assistance to be granted by the government was to be used to this effect.

Well, Mr. Speaker, after what was said in 1948, it is appropriate that the house be informed for what purpose the assistance provided to the Canadian gold mines by the government under the Emergency Gold Mining Assistance Act was used.

First of all, what portion of the assistance went to pay increases in wages and salaries? In 1947, the average annual wage of a miner in a Canadian gold mine was $2,277. The corresponding figure for 1948 was $2,537, an increase of 11·4 per cent. For 1949, the average wage was $2,650, an increase of 16·4 per cent over 1947. In 1950, the average wage

of a miner was $2,765, an increase of 21·3 per cent over 1947. And in 1951, the average wage was $3,013, an increase of 32·3 per cent over 1947.

During the period for which figures are available from the dominion bureau of statistics, that is from 1948 to 1951 inclusive, we find that the total increase in wages and salaries paid by the gold producers is equivalent to 99·7 per cent of the total assistance paid by the government.

That is substantially more than 60 per cent. The total assistance paid to the industry during that period amounted to $41,404,000, while the increase in wages and salaries totalled $41,281,302. During the same period the industry paid $26,666,000 in federal, provincial and municipal taxes, which alone represents 64·4 per cent of the total assistance received by the gold mines.

During that same period of four years between 1948 and 1951 the total amount of wages and salaries paid by the lode gold mining industry amounted to $254,082,000. The aggregate cost of supplies, plant, equipment, buildings and machinery amounted to $220 million. Those figures are interesting and it is most important that we take them into consideration.

While wages and supplies and freight are the principal items of costs in operating gold mines, they are by no means the only factors which contribute to increase costs of operation.

In addition account has to be taken of improved health and welfare services, increased rates of workmen's compensation, and many other items which in total amount to substantial sums.

And we must be reminded of this. The gold mining industry is the only industry which has to absorb these increases into the costs of operation without being able to pass on to consumers any portion of such increased costs.

Now as to the working and living conditions in the gold mines and in the communities. Are they as bad as some people try to make us believe they are? Are the gold producers so uninterested in the welfare of their employees as to do nothing about it? Are they trying to evade municipal and school taxes as we are being told?

The answers to those questions can be found in safety records and annual municipal reports which are available to whoever wants to look at them. If one looks at these reports he will find that the industry has done everything possible to improve health and welfare services in its operation and that it has co-operated in the best possible manner with municipal authorities to improve living conditions in the mining communities.

The mining producers across Canada are fully conscious of the importance of safe workings in the mines. They know very well that safe mines enjoy better labour relations with their employees. And in this respect the Canadian gold mines are not lagging behind, as you will be able to note from the following.

The Canada-wide contest sponsored by the Canadian Institute of Mining and Metallurgy, under which the John T. Ryan trophies are awarded annually to the mine in Canada with the lowest compensable accident record, resulted in a most creditable way for the Ontario and Quebec gold mines during the last five years.

In 1948 the winner of the trophy with the best safety record of all the metal mines in Canada was the Toburn Gold Mines of the Kirkland Lake district. In 1949 the trophy was awarded to Matachewan Consolidated, another mine in Ontario. In 1950, the John T. Ryan trophy travelled across the interprovincial boundary to be awarded to Sigma Mines Limited in Val d'Or, Quebec. And in 1951 and 1952, Canadian Malartic Gold Mines Limited won the John T. Ryan award for safety. This gold mine, which is located in my home town, had not one single compensable accident during 1952. This record is probably the best in Canadian mining history. What an extraordinary record for an industry where, according to some people, working conditions are supposed to be so bad.

Mr. Speaker, our gold miners do their jobs with care and ability; they are safety conscious, and in this respect they are encouraged and seconded by those in charge of management. What I have just said should be sufficient to show that, as far as good working conditions are concerned, the gold mines and the miners are, if anything, showing the way to many other industries.

Now as regards this question of dividends which are paid quarterly, semi-annually or annually by the gold mines. What about this famous question? Is it a crime for an industry to pay a dividend? What about the shareholders? Are they to forgo the revenues which are rightly due to them? The answers to these questions are as follows.

First of all the net revenues of all the gold mines are at a very low ebb. The gold mines which did not alter their dividend rates are those which are not in receipt of cost aid. Or whatever dividends are being paid these days by most of the gold mines are taken from surplus earned from other

sources than their actual operations. Others are squeezing their dividends from accumulated surplus earned during the good years before the second world war. And many other gold mines are not paying any dividends at all. How long they will be able to continue to do that, we do not know. And for how long will they be able to ask their shareholders to be patient? They certainly cannot tell them that this is the new way of operating a business.

From 1948 to 1952 inclusive, out of 27 Quebec gold mines which received assistance from the government 15 never paid any dividends. Five others paid less than $230,000 each during those five years. The six remaining gold mines paid dividends on a reduced rate and it is important to note that during that same period those six gold mines paid more than $27,000 in increased wages alone, over and above what they received in assistance from the government.

The shareholders in the Canadian gold mining industry are many thousands and the great majority of them are small shareholders. We must keep that in mind, and I will go as far as to say that the government, both in its role of tax collector and in its role of representative of the broader interests of all Canadians, has the responsibility to hang on to the gold mining industry; and hanging on means helping the shareholders, the employees, the small property owners, the farmers and the business people dependent on gold mining to hang on.

I also wish to remind hon. members that the gold mining industry, important as it is, is only one branch of the metal mining industry of this country which gives employment to some 130,000 men who in turn are the supporters of more than 500,000 people. So in trying to establish some comparison between the assistance allocated to the gold mines and that which is granted to other key industries, it would only be fair to keep those figures in mind.

The Emergency Gold Mining Assistance Act is plain evidence of the government's recognition of the importance of the gold mining industry in the national economy. It is the intention of the government to ensure, so far as lies in its power, the condition under which the industry may have not only continuity of operation but the possibility and hope of extensive development.

The welfare of the gold mining communities has always been regarded by the government as of very great importance. For this I wish to express my thanks. The fact that this government has definitely come forward with the present legislation is encouraging to the industry and to the residents of the gold mining communities. We are all very thankful.

In conclusion, Mr. Speaker, I would like to say this. Let us consider this question calmly, and let us not forget that the closing down of the industry would mean the uprooting of families, the abandonment of towns which have been built at the cost of many millions of dollars and which are complete with all the facilities of modern living. There are 30 such mining communities across the country and they are providing ready and important markets for farm and lumber products, manufactured commodities and many other kinds of supplies.

This great wealth and economic activity would be jeopardized by the closing down of the gold mines, and it is up to this parliament to safeguard them. In discussing this bill we have to keep these facts in mind, and if we do I believe this legislation will meet with the approval of all hon. members.

Mrs. Ann Shipley (Timiskaming): Mr. Speaker, in supporting this bill I believe I should first correct some of the statements made and impressions left by the hon. member for York South (Mr. Noseworthy) when he spoke in this house on November 20, yesterday, and again today. You will recall that he stated at that time that he was qualified to speak on this subject as he had worked at every process in gold mines from mucking to milling. It must have been a long, long time ago. It is very evident to me that he has no appreciation whatever of the seriousness of the problem facing the gold mining industry in Canada today.

The hon. member professes to be gravely concerned with the plight of the workers and the communities, but he proceeds to do as much harm as possible to the industry on which they are all, almost solely, dependent. Many of his remarks were completely unwarranted, and many were divorced from fact, as will be shown by the information I propose to place before hon. members today, and information which has already been placed on record by other speakers.

I believe it might be well if I dealt with the hon. member's statement as reported at page 485 of *Hansard* in which he said:

> What precautions are taken by the government to ensure that these mines are not deliberately keeping their mill heads low in order to mill their low-grade ore while the government subsidy is available, and sealing off their higher grade ore until such time as they can get a higher price for gold or a higher subsidy from this government? I have met miners in northern Ontario who told me their job has been to seal off high-grade ore whenever it was discovered and to keep it for future

development, while the low-grade ore was fed to the mill and emergency gold mining assistance used in order to pay for part of the cost of that milling.

It will be noted that this hon. member and certain other people quoted in the press to the same effect have not named one single mine. However, I would ignore that statement because to those of us who are really familiar with gold mining it is a ridiculous statement, though just a little complicated to answer because the act itself is not readily understandable unless you sit down and study it.

When this statement was made I was a little amused because I immediately had a vision of men running around underground with a bucketful of cement and a trowel and covering up high-grade gold nuggets. Then I realized it is possible that people might believe such a statement. I am therefore going to answer it in such a way that I hope no one could possibly believe it again.

One of the saddest things about the gold mining industry is the fact that once you have mined in a specific area and abandon it you cannot ever go back and mine in that same area again. It is much too dangerous and in a period such as this when costs are so high, and the price of gold is so low, every day in every gold mine in Canada it is necessary to by-pass ore, or what is known as waste rock, because you cannot economically mine it, though there is a substantial amount of gold in it. If the price of gold were commensurate with our dollar today it would be good ore rather than waste rock, and since there is not too much gold in the world, it is a pity we have to lose it. However, that cannot be helped.

Mining is a very difficult engineering problem. It takes long-term planning and it is essential that a mine management arrange the digging out of the proven ore bodies underground in such a manner that they maintain a constant millhead. In other words, they endeavour to send up from underground each day the kind of ore which will have approximately, when it is all mixed together, the same amount of gold; otherwise they would have to change their solutions, and do all kinds of complicated things that would run up costs. It is not a question of grabbing it from here today and from there tomorrow. Furthermore, the act is drawn in such a manner that it would not be advantageous to leave high-grade ore and mill low-grade ore. Under the act assistance is based on two factors, the cost of production and the number of ounces produced. The cost of production for the purpose of the act is defined as "the cost incurred by the operator properly attributable to the gold produced from a mine during that particular year". The number of ounces on which the subsidy is paid is defined as the number of ounces by which the number produced from the mine and sold in the designated year exceeded one-half of the number of the ounces produced from the mine in the base year, or to one-half of the number of ounces produced and sold in the designated year, whichever is the greater.

Suppose we assume that any mine management would deliberately leave high-grade ore in the ground and mine only low-grade ore in order to run up costs and thereby receive a larger subsidy, as suggested by the hon. member. Just what would be the net result to the shareholders of the mine? The higher subsidy is based on the actual proven costs of production of an ounce of gold. It must be obvious to anyone that if you bring up two tons of rock out of the ground and treat it to obtain one ounce of gold, where formerly you brought up one ton to get one ounce of gold, then your expenses will be doubled. How could you have any net gain by receiving a slightly larger subsidy per ounce, especially when the subsidy does not begin to compensate for all of the increased costs, and is only paid on a part of the total ounces produced in any specific mine?

Let me give hon. members a concrete example of what would actually happen to a specific mine if it did what is suggested by the hon. member for York South, or if their present grade of ore petered out. I take for this example the Kirkland Lake Gold Mining Company Limited—that is one in my own community—and I use their actual experience in 1952. During this year they produced 44,828 ounces of gold. Their costs of production were $36.02 per ounce. They received approximately $177,000 in assistance. Their profit, before taxes, was approximately $125,800. What would happen if they deliberately or otherwise reduced their grade of ore by as little as 5 per cent? Their costs would be greater per ounce recovered so their assistance would increase slightly. If this had actually been the case, they would have received $6,061 more in subsidy. But do not forget the fact that the grade is decreased by 5 per cent, so they would have 2,240 fewer ounces to sell. Therefore on their total income for the year they would actually lose $70,817 by reducing the grade just by 5 per cent. In other words, their profit for the year, before taxes, would become $54,987 instead of approximately $125,000 as it actually was. This with only a 5 per cent reduction in the grade of ore.

I want to carry this idea just one step further. If the grade were reduced by 10 per cent, the cost of producing an ounce of gold

would have been increased by $4 an ounce and the subsidy would have been increased by $10,000; but the company would have had a net loss of income for the year of $143,767 by reason of the 10 per cent lower grade. So instead of making approximately $125,000 profit before taxes, as they did, they would have actually been in the red by $17,963 on the year's operation.

The only object in mining is to obtain a profit from a given body of ore, and the main problem in achieving this purpose are keeping costs down and the grade up. The government officials responsible for the drafting of this act should be complimented. At first glance it appears to be complicated, but in operation it has proved to be most adequate to assure sound administration and fair distribution of the subsidy.

One of the major problems facing all but a few of the gold mines is to find enough high-grade ore in order to continue operations at all under existing circumstances.

On the same subject of subsidy paid to the industry the hon. member inferred, at page 487 of *Hansard*, that the mines could receive the maximum cost aid on all of the gold produced, which for 1953 was $13.50 per ounce, making a total per ounce that the mines would receive of $48.50. He cites the case of one mine—listed in this blue report from the department—which received the maximum for 1952. But he failed to mention that that was a new mine and had operated for only a portion of the year. This is provided for in the act. But all other mines receive the subsidy on only a portion of their production, as I have just explained. In other words, a mine in its first year of operation receives subsidy on its entire production for that year only; thereafter it receives subsidy on 50 per cent of its next year's production or 50 per cent of the previous year's production, whichever is the greater. This should have been known to the hon. member as he was at the time quoting from the report of the administration of the act.

One who is really interested in the subsidy paid to Canadian lode gold mines on the total ounces produced has but to read the averages published in the same report at pages 10 to 12. They are as follows:

1948	$3·27
1949	3·42
1950	2·33
1951	3·29
1952	3·91

That figure of $3.91, however, may be greater when the full returns are in. This is the average subsidy to the industry when the total gold produced by the lode mines receiving subsidy is taken into consideration. This is a completely different picture from that inferred by the hon. member for York South.

During this five-year period the gold mines suffered a loss of approximately $4.23 per ounce of gold produced, by reason of the appreciation in the Canadian dollar over the United States dollar. The costs of production still kept mounting during this period but the average subsidy paid per ounce did not even offset the drop in the price of the finished product.

It is of interest to note that there were only two new mines in all Canada in 1952 in receipt of subsidy, as shown in the report of the administration of the act. There were none in 1953. If the mines were "making a killing" as a union officer was quoted in the press as saying the other day, or if the statements made by the hon. member for York South have any logic, how do they account for the many mines that have been forced to close, or for the fact that there are no new gold mines being opened for the first time in many years?

In an effort to prove that this is not a depressed industry, as reported at page 487 of *Hansard*, the hon. member for York South refers to the profits paid by two mines out of all those in Canada, one of them being McIntyre, when it is well known that only a portion of their profits is earned from the current gold mining operation. As to the other one, Broulan Reef, he states specifically that this is one of the mines which received cost aid in 1952—and if I am not mistaken he stated that twice—and yet made a large profit. This is just not so. They did not receive one cent of cost aid in 1952. They are one of the lucky mines that ran into extremely high-grade ore and they were selling on the premium market, so-called, in 1952.

Citing the number of dollars profit made by any particular mine means little unless accompanied by the number of tons mined daily, the number of men employed, the number of shareholders and the amount of stock issued and, finally, the number of years that the mine had to operate before it showed any profit at all. As an example, one of the mines in my community operated for many years—I think it was almost 20—before it was in a position to make any profit whatever.

The other day I quoted some figures that bear repeating. An analysis of the gold mining industry in Ontario from 1941 to 1951 shows that 35 per cent have discontinued operations; 74 per cent of the profits of the industry have been wiped out; 40 per cent fewer men are employed. The picture would be worse today. In the face of these facts, how can anyone say that this is not a depressed industry?

Again, the decline of the industry, in spite of cost aid, is shown very clearly in the report of the administration of the Emergency Gold Mining Assistance Act. In 1948 there were 87 lode gold mines in receipt of cost aid; in 1952 there were only 56. There were 13 selling on the "premium market" in 1952 and one that had not filed a statement at the time the report was published, making 17 lode gold mines closed during this five-year period.

As a further item bearing on this point, I quote from a statistical summary of the Bank of Canada showing the net operating profits of a representative group of Canadian gold mines. They picked out the group; I did not. In 1940 the profits were $58·4 million. In 1950, ten years later, the profits were $18·5 million. Of course, in 1950 they were in receipt of cost aid.

From the Canadian Metal Mining Association I also have some figures showing the estimated handicap per ounce incurred by Ontario lode gold mines during the periods shown, and this excludes any increase in tax rates which have doubled since 1939. From 1939 to September 1952, increase in operating costs per ounce, $11.93; reduction in price received for gold, $4.90; estimated total handicap without increase in taxes, $16.83.

These are but some of the actual facts that prompted the government to introduce the Emergency Gold Mining Assistance Act. The hon. member also made statements with respect to wages and the use of the subsidy. I must read hon. members what he said, as found at page 485 of *Hansard* of November 30. He said:

> I am merely pointing out that if the government finds it necessary to subsidize the gold mines, then some measure must be taken to see that this benefit from the public treasury goes to the miners and the community, and is not all siphoned off in profits for shareholders and speculative stock buyers.

Again, he said, as found at page 487:

> There has been no increase in wages in gold mining in Ontario and Quebec since 1951.

He also said:

> Are we as custodians of the taxpayers' interests to stand idly by, or to sit idly by, while gold mine operators pass on all the cost aid they can possibly extract from this government to profits, with cold-blooded, calculated indifference alike to miners and mining communities? I suggest that the basis on which cost aid is given be reviewed in order to make certain that miners as well as mine owners benefit from these federal subsidies.

The *Labour Gazette* shows that the annual average wages in Canadian gold mines were as follows: 1950, $2,765; 1951, $2,992 and 1952, $3,107. Ontario and Quebec between them produced 89 per cent of the total gold produced in Canada. Therefore I think it is conclusive from the figures that some increases must have been paid since 1951. But the following figures apply to Ontario alone and show that the statement with respect to no increase in Ontario is absolutely wrong. Furthermore, they prove conclusively that the statements made by hon. member for York South with respect to the subsidy being used to increase profits and none of it being used to increase the wages of the workers are entirely without foundation in fact—quite the contrary.

I should like to refer first to the *Northern Miner* and figures covering eleven mines in the Porcupine area. They show that during the period January 1, 1948, when the Emergency Gold Mining Assistance Act came into being, to the end of December, 1952, these eleven mines in the Porcupine area received almost $11½ million in subsidy. But note this. For a slightly longer period, from January 1, 1948, into 1953 the amount paid out by these mines in increased wages was $16,365,000. Almost $5 million more was paid out in increased wages by these eleven mines in the Porcupine area. It is true that the $5 million does include the increase paid in 1953, but that did not amount to $5 million.

I have other figures that are better in that they cover the exact period. I have figures covering three mines in the Porcupine area, Dome, Delnite and Preston East Dome, for the identical period from January 1, 1948, to December 31, 1952. They received $3,425,205 in cost aid and paid out in wage increases during the same period $4,514,085. In other words, they paid out $1,088,000 more than the total subsidy they received. For my own camp, the Kirkland camp, I have figures for every single one of the mines still operating. Unfortunately several of them have had to close down. I have figures for Macassa, Kirkland Lake Gold, Sylvanite, Lake Shore, Wright-Hargreaves and Teck-Hughes. I can give individual figures if desired but otherwise I will give totals.

They received $3,471,759 in subsidies during those five years and paid out in wage increases during the same period $5,370,876, $1,899,000 more than they received in total subsidies. Of course where there were profits—and there is no point in a mine staying in business if there are no profits—they would not even receive the total subsidy because they have to pay taxes on it. I have given total figures and not what individual miners received. It cannot be said there were more men employed and therefore these millions I have told you about that were paid out in excess of the subsidies are accounted for because there were more men. The reverse is true. There were fewer men. The Ontario department of mines shows in a report that in 1941 there were 19,500 men

employed in the gold mines of Ontario and that in 1952 there were 11,800 men employed. In other words, there were 7,700 fewer men in Ontario alone. Yet the hon. member says there is no depression in the industry.

Let me say one more word about wages. At the time the price of $35 per ounce was established it was adequate for the sound development of the mines and to pay top wages. The following figures are taken from the annual review of employment and payrolls, dominion bureau of statistics. Just yesterday the same hon. member said, as recorded at page 3033 of *Hansard:*

> But never at any time in the history of gold mining in this country have those who actually mine and mill the gold received their fair share of the wealth produced from the mines.

Mr. Noseworthy: Hear, hear.

Mrs. Shipley: These figures show the average weekly earnings in gold mining and certain heavy manufacturing industries in 1939 and 1952. The other industries are iron and steel products, transportation equipment, non-ferrous metal products and electrical apparatus and supplies. In 1939 the gold mines of Canada paid $34.10 per week on the average. That is $6.86 a week more than the highest paid in any of the other four heavy industries referred to in the bureau of statistics report. That is why I say that when we did receive an adequate price top wages were paid. In 1952—I think this is very significant—we find that the gold mines of Canada paid an average wage per week of $63.21, but we find that only one other heavy industry in the list paid any more. The non-ferrous metal products industry paid an average of $63.88 but the others paid less. Electrical apparatus and supplies paid $60.86. They have no difficulty with respect to the price of their finished products, nor do any of the others.

On the one hand the hon. member for York South claims that the gold mining industry is making enormous profits by reason of the subsidy, and on the other hand that they are leaving their high-grade ore in the ground. This just does not make sense, particularly when the increased wages alone since the act came into being have cost most of the mines more than the total subsidy each mine received. Such statements as those made by the hon. member for York South create a false impression and do not contribute to a full and sympathetic understanding of the problems of the gold mining industry and the thousands of Canadian pioneers and the communities almost solely dependent thereon, for whom he expresses such concern.

It is not generally understood that almost all gold mining municipalities would not exist if it were not for the mines. We cannot attract secondary industries for a variety of reasons, leaving us almost solely dependent on the one industry. These mining communities were literally hewn from the forest and rock. Our mortgages on our homes, if we can get them, and our municipal debentures are all for a shorter period because of the nature of our industry, and in the early days rates were very much higher than elsewhere in the country.

In a gold mining community the costs of sanitary facilities are excessive because we live in a cold climate. My own community, for instance, is built on solid rock, and you all know the cost of excavating rock as compared with soil. The cost of our fuel is greater up there. We are a very young part of the country, and in 1939 the birth rate at Kirkland Lake was the highest in Canada. This made it necessary for us to build schools every year, and you all know the cost of that. We were paying for everything at once. Our communities are very young, and we have to pay for schools, churches, sanitary facilities and so on, all at once and in a shorter period of time.

These things we accept as part of our way of life. You never hear us complain about them. We built these communities, and almost everything most of us own is invested there, our homes and our businesses. The owners of the mines are not a handful of wealthy men as some would lead us to believe. They comprise thousands of small investors, the miner himself, the butcher, the baker, the housewife and no doubt even some members of parliament. During the war our experienced gold miners enlisted in great numbers. Some were required in the base metal mines to increase the production of strategic metals. Our women continually produced more materials for the Red Cross than any other group in Canada.

Those things we did gladly, but what of today? What does the future hold? There is no simple answer to our problem except a much higher world price for our gold. This solution is beyond the control of any one country or government. If it is feasible, and in the national interest, I know this government will press strongly for such a solution. Canada has done much to keep the gold mining industry alive through the establishment of emergency gold mining assistance. By the terms of the bill now before us, the government proposes to continue that assistance for another year. If disaster is not to overtake our gold mining communities from one side of Canada to the other, adequate

assistance must be given. What "adequate assistance" means can only be determined by a factual analysis of the operating costs. In the meantime, the passing of this bill will tide us over.

Mr. T. S. Barnett (Comox-Alberni): I have listened with considerable interest, Mr. Speaker, to the hon. member for Timiskaming (Mrs. Shipley) in her attempt, shall I say, to steal the halo from the head of the hon. member for York South (Mr. Noseworthy) and put it on the head of the mining operators of this country. I was not able to follow the bewildering array of statistics that she paraded before this corner of the house, but I should like to point out one fact in defence of the hon. member for York South. I am quite sure he is able to take care of himself, but she mentioned a statement he made that the workers in the gold mining industry had never, at any time, received a fair share of the wealth they produce. She made certain comparisons with certain other industries. All I would say is that, so far as I can recall, the hon. member for York South did not say he considered the workers in these other industries had received their fair share of the wealth they had produced, either. Perhaps in inferring that he was suggesting the operators of gold mines were, to a greater degree, more greedy than the operators of some of our other industries, she was creating a slightly erroneous impression.

I was somewhat interested in her earlier remarks when she spoke of someone going around with a trowel and sealing off certain sections of the mine. Speaking as one old miner to another, I would suggest that there were one or two things she may have overlooked in her consideration of this particular aspect of the matter. Apparently she has never heard of the idea of blocking off reserves of ore or of a diamond drilling program which may serve to indicate where certain sources of rich ores may lie.

Mrs. Shipley: I am sorry, I did not say that.

Mr. Barnett: That is just the point, Mr. Speaker, I said that was what she did not say. Perhaps the miners in Ontario are not as wise as the miners of British Columbia in certain mining techniques. To illustrate what I mean, I recall that back in the 1930's a certain large mine in British Columbia, which is known primarily as a producer of copper, found itself in a position where for a period of two years they were not able to sell a pound of copper. I am speaking only from memory now. This mine continued to operate on a somewhat reduced scale all during that period. They managed to do that because of the superior mining technique that we have in British Columbia.

They knew that in certain areas of that mine there were ores that had a considerable gold content. They concentrated their mining in those particular areas, and paid their operating costs out of the gold that was normally a minor incidental to their production. However, I am not going to attempt to go into a detailed analysis, as I said, of that array of statistics that was given to us.

I was quite interested in the remarks that were made by the member who spoke before the hon. member for Timiskaming. He gave us an interesting outline of some of the economic factors that exist today in the gold mining industry. As I sat listening to these two speakers, the main point that struck me was that they were on the horns of a dilemma. Since coming to this house I have all too often seen the members on that side in a similar dilemma. They are the victims of the sort of patchwork policy the present administration seems to be content to pursue in dealing with the various economic problems that arise in this country.

In referring to that, I would suggest that there is a limit to the number of patches you can put on anything. When you start putting patches on the patches, and then patches on the patches on the patches, you begin to get a sort of Joseph's coat of government policy such as we see developing now. This bill, like some of the other bills that have come before us in the short time I have been here, illustrates to me the dilemma in which the government is. Incidentally, of course, the members in the small opposition groups are in a dilemma also. If we do not support this measure, it is said, the gold miners are going to go hungry, and that is quite true. For that reason, we cannot do anything else but go along with this idea that assistance to the gold mines, under existing circumstances, is necessary. Sometimes when you listen to the array of statistics showing the moneys granted over a period of years you begin to ask yourself, how long is this going to continue? Are we going to extend this thing next year and the following year—for the next fifty years—or are we not? Why do we keep the gold mining industry operating in Canada, if it has to be subsidized? Those are questions that any thoughtful member must ask himself when a bill of this kind comes before the house.

I have to admit that some of my interest in and knowledge of the gold mining industry dates from the period referred to as the great depression; and I have wondered if possibly the government is continuing this measure, for the support of the gold mines, as a form

of depression insurance. Because many of us can recall that in the days of the great depression there was one small sector of our economy in which there was no depression; and that was the gold mining industry: there was a boom there. Everyone connected with gold mining was prosperous, relatively speaking. The only difficulty was that perhaps only one in a hundred of the people who would have liked to get in on the gold mining industry were able to do so.

I have come to this point because, as I say, this is another example of the dilemma we find ourselves in. We had one not so long ago when we were discussing a measure concerning anti-dumping provisions for the protection of certain other industries in Canada. Then, reference was made recently to the dilemma in which the coal mining areas of the maritime provinces find themselves today. I felt that in view of all these facts it would be worth while for me to rise in the debate and once again draw attention to the point I brought out during the debate on unemployment.

As reported at page 2386 of *Hansard* for February 23, I said:

> I suggest it is time to do something more than review our unemployment insurance plan. It is time for the government . . . to launch a new insurance plan, one which I would call re-establishment insurance. This plan would cover those people the Acting Prime Minister has advised to go elsewhere to seek work. It would insure them against the loss of their homes, and against having to walk away and simply leave behind everything they have accumulated over a period of years. It would be a plan which would cover retraining these people in another industry.

I mention this because, if such a comprehensive plan were in existence, we might be able to view the present measure in an altogether different light. Under those circumstances we could proceed intelligently with an inquiry into the gold mining industry, as was suggested yesterday by the hon. member for York South. We could analyse the situation impartially, to ascertain whether the continuance of this industry for the next fifty years, under the present uneconomic conditions, would be warranted and in the national interest. We could decide whether we really need gold in our modern economy.

But because I know, as every other member knows, that if this measure is not passed the lives of thousands of people—I believe the hon. member for Timiskaming (Mrs. Shipley) gave the figure of 500,000 people—will be disrupted, and that many would suffer complete economic disaster, we have to continue to go along with this kind of patchwork measure.

When we think of this industry, and then think of the textile industry, and the possibility of the same sort of thing developing in other industries, the necessity for some well-thought-out plan to take care of this situation becomes more and more apparent. That, Mr. Speaker, is my primary reason for taking part in this debate.

Mr. Deputy Speaker: When the minister speaks he will close the debate.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I rise now especially to thank those who have indicated their support of the bill, and would refer particularly to the hon. member for Timiskaming (Mrs. Shipley) and the hon. member for Villeneuve (Mr. Dumas) for the wealth of information they have given the house this afternoon. I should like also to deal with a few statements made and questions asked by various members.

The hon. member for Comox-Alberni (Mr. Barnett), the hon. member for Kootenay West (Mr. Herridge) and others have suggested that a commission should be appointed to make an inquiry into the gold mining industry. I would remind hon. members that this parliament has no direct jurisdiction over the development of our natural resources. That comes within the constitutional rights of the provinces. They have the control of the administration and the development of resources within their own boundaries, and also labour regulations and the conditions obtaining within their jurisdictions.

I believe in all of the provinces facilities are available for collective bargaining. Any group of employees or any union has the privilege of entering into collective bargaining arrangements with management, and thus reach mutually satisfactory agreements. The suggestion has been made that we should look ahead as far as fifty years. I do not think that is a reasonable suggestion. Indeed, I am sure it is not, when one considers that the actual development of our resources does not date back much more than fifty years. I believe any policy adopted by the government and parliament has to be flexible enough to meet changing conditions.

We think we have seen development in Canada in the last few years; in my opinion we have not seen anything yet. This country is just starting to move. Conditions as we know them today will be entirely different next year or the year after. I know my friends of the C.C.F. are dedicated to the socialization of our resources. But the people of Canada are not; otherwise we would have more C.C.F.'ers here.

Mr. Fleming: Heaven forbid.

Mr. Prudham: The suggestion has been made that some mining companies are blocking off large sections of high-grade ore in order to cash in on gold mining assistance. The hon. member for Timiskaming answered that quite effectively; but I have some figures that I think answer conclusively. I have before me the average grade of ore milled by gold mines in Canada since 1942. The average grade of ore mined by all gold mines in Canada was as follows:

	Ounces per ton
1942	·240
1943	·240
1944	·230
1945	·230
1946	·230
1947	·240
1948	·230
1949	·230
1950	·230
1951	·220

The figure for 1951 is the latest we have. There is clearly only slight variation in the grade of ore milled by gold mines in Canada in those years. My hon. friend mentioned Hollinger gold mines, and in that case the average grade of ore mined by Hollinger in 1942 contained .252 ounces of gold per ton, while the figure for 1952 was .282 ounces. The average for the period was ·249 ounces. The average production of gold per ton has increased at that mine. I have the figures for other mines which I can give during the committee stage.

The hon. member for York South (Mr. Noseworthy) and the hon. member for Comox-Alberni (Mr. Barnett) referred to the number of people who would be disrupted if the gold mines were to go out of business. The hon. member for York South suggested that there would be hundreds of thousands and the hon. member for Comox-Alberni mentioned 500,000. Actually there are between 21,000 and 22,000—

Mr. Barnett: I was quoting a figure suggested by another hon. member.

Mr. Prudham: The actual number of people working in the mines is somewhere between 21,000 and 22,000, but of course there would be their families and their communities dependent upon them. I admit that it would be a disaster if the gold mines had to close, but I question whether there would be actually hundreds of thousands of people directly involved in any such disaster.

The hon. member for York South suggested that two mines received a large proportion of the gold mining assistance paid. Two mines received approximately $1,300,000 of the $10,359,053.90, or about 12.5 per cent of the total amount paid. However, they produced 511,670 ounces out of a total of 2,638,032 ounces, or about 19 per cent of the gold produced during that period.

As I said in my remarks the other day, the gold mining industry as a whole, including labour and management, has responded to the challenge. Their costs of production have been reduced progressively since the war and in my opinion they have done a good job in helping themselves. As I have said before in this house, when an industry shows that it is doing everything to help itself, that is a good reason why the government should consider extending aid over a difficult period. I have told the coal miners that and I believe the same rule applies to the gold mines. When they show that they have gone all-out to help themselves, I think there is justification for government aid in an emergency.

This is not a patchwork policy, as the last speaker has suggested. As the title of the act implies, this aid is to meet an emergency which we hope will be of short duration. The chief reason for extending emergency gold mining assistance last year and this year was and is to compensate to some extent for the loss to the mine because of the appreciation of the value of the Canadian dollar in terms of United States funds. That situation fluctuates from time to time and we do not know how long our dollar will remain in that favourable position. If it should change there would be less need for aid to the gold mines.

The hon. member for York South asked whether the mines are making excessive profits. I think the fact that 40 mines have closed since the beginning of emergency gold mining assistance with only 27 new mines being opened—some 13 of those new mines have since closed—is pretty good evidence that no excessive profits are being made.

I believe that many people overlook the fact that the development of our mining resources is a co-operative effort. It requires the co-operation of a number of groups of people. One group that is often overlooked is the investors. The mining industry at best is a depleting industry. When you remove ore from the ground it will never be replaced. If we are to develop our mining industry we must attract risk capital by showing a reasonable chance to make a profit. When the flow of risk capital dries up, your industry dies just as surely as if the men stopped working. With all the mines closing last year—there were 6 gold mines closed with no new ones being opened—I think that is the best evidence that excessive profits are not being made.

I should like to answer a query by the hon. member for York South about the formula used as reported in a sessional paper in regard to the Hollinger mine. Even for the experts this gold mining assistance formula is not simple in operation and I do not wonder that my hon. friend is confused. I have had difficulty in following it in particular instances. The explanation I have for the point which he mentioned is that to get the calculation for the assistance payable per ounce of gold produced a mine is considered as being in operation during the whole year. The same result would be obtained by prorating the base year for a similar period for which operations were not suspended and using the actual production. The method of calculation is set out in the regulations and I want to assure my hon. friend once again that it gives no advantage to a mine during a period of a strike.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Application of act to 1951, 1952, 1953 and 1954.*

Mr. Noseworthy: Mr. Chairman, before we pass clause 1 I would like to say a few words. I regret very much the minister has taken the position that because the federal government has no jurisdiction over natural resources he does not choose to consider the setting up of a committee or commission to study the gold mining industry. I had hoped that, in view of the fact that the government of Canada was involved to the extent of well over $10 million per year in the form of subsidies, that would give the government an interest in such an inquiry. In fact, I believe such an inquiry would be beneficial both to the industry and to the miners and the mine owners.

That is evidenced by the honest difference of opinion regarding the status of the gold mining industry at the present time. I am quite sure that the hon. member for Timiskaming is just as honest and serious in her views regarding the status of the gold mines as I am in mine. The difference of opinion which exists between us is not only reflected in this house but is to be found between employees and employers and their respective organizations. It is to be found as between the chairmen of conciliation boards and representatives of the miners and mine owners.

But I am confident that if the premier of Ontario carries out, as I hope he will, his agreement with the steel workers union to establish a provincial committee on a very high level for the purpose of undertaking a thorough factual investigation of the gold mining industry, and if he will invite federal representation on that committee, and the federal government agrees to be represented there, nothing but good can result from such an investigation.

I was, of course, very interested in some of the remarks made by the hon. member for Timiskaming and I would like to congratulate her on the fighting attitude which she has adopted in the interests of those who sent her to parliament. I am quite sure her efforts will be appreciated by her supporters. I would simply say to her that I would be very happy at any time to set forth my point of view compared with hers at a public meeting in her own home town of Kirkland Lake any time she chooses to arrange such a meeting. I will be quite happy to allow the miners of that town to decide which point of view is correct.

Mr. Fleming: It sounds like suicide.

Mr. Noseworthy: I was, of course, amused by her statement that miners did not go around with trowels covering up gold nuggets here and there. I had hoped that the hon. member for Timiskaming was much more conversant with mining operations, and knew that gold from northern Ontario is not dug out in nuggets, but is saturated through tons of ore brought into the mill. Permit me to inform her that I doubt if there is very much about gold mining she can teach me. There is no process in gold mining operations, from mucking underground to refining, in which I have not participated at some time, so that I know something of what can be done by way of sealing off high-grade ore bodies when that becomes advantageous.

Mrs. Shipley: Would the hon. member permit a question? I wonder if he would mind stating when he last worked in a gold mine?

Mr. Noseworthy: Quite frankly, Mr. Chairman, miners who are engaged in this kind of work and doing diamond drilling in the mines informed me no later than a few months ago that some mines at least are sealing off high-grade ore.

Mrs. Shipley: That does not answer my question.

Some hon. Members: Answer.

Mr. Noseworthy: I am not saying—

Mrs. Shipley: I am sorry, Mr. Chairman, but the hon. member is not answering my question.

Mr. Noseworthy: I am not going to give the hon. member the names of the individual miners—

Mrs. Shipley: My question was, how long ago did you work in a mine?

Mr. Noseworthy: It was some time ago, Mr. Chairman.

Mrs. Shipley: But how long ago?

Mr. Noseworthy: I have visited these mines regularly—

Mrs. Shipley: How long ago did you work in a mine?

Mr. Prudham: The hon. member has the protection of the House of Commons and I would ask him to name one mine which does as he suggests. I do not suppose he would dare to do so outside the house.

Mr. Noseworthy: I do not care to give the names of the individual miners who gave me that information. The minister, for example, must know that McIntyre has reserves today which are probably of a higher grade and more extensive than this mine has ever had over the years.

Mr. Prudham: Would the hon. member like to have the assay figures of the ore they have milled over the years?

Mr. Noseworthy: I am simply asking the minister to make certain that mines are not running undue quantities of low-grade ore through their mills—

Mr. Prudham: You said they were.

Mr. Noseworthy: —and salting it down with a small percentage of high-grade ore in order to mill much of their ore, which would otherwise be uneconomic, because of this subsidy. I am simply asking the minister and his department to make quite certain that is not being done. I realize there is always a question of just what policy will be in the best interests of the future life of the mine, and the future interests of the country, and just to what extent mines should be encouraged to continue uneconomic production. However, these are matters which, I suggest, a commission of investigation should be able to determine.

I am not surprised that mines pay more out in wages than they receive in subsidy, but I do not think it was ever the intention of the government that the subsidies they pay should cover the whole cost of wages. Nor am I surprised that there has been an increase in wages since 1947. Miners' wages were pretty low at the end of the war. Gold mining wages were fairly low at the end of the war. The fact still remains that, according to the dominion bureau of statistics, the average annual wage of gold miners in Canada was $1,343 as of June 1, 1953. The average annual wage of base metal miners across Canada on that same date, according to the dominion bureau of statistics, was $1,701. Therefore, notwithstanding any increases and notwithstanding subsidies, up until last June the gold miners were still far behind base metal miners in the matter of wages received. If gold mining is not profitable and if the mines cannot afford to pay to miners wages that are equivalent to those paid in, let us say, base metal mining or comparable industry, then the responsibility for making up that deficit must of necessity, I think, fall upon the country at large and not upon a particular group of employees.

If what the mine owners say is true and if the present subsidies are not large enough to enable them to pay to gold miners wages equivalent to those paid in base metal mining, it is possible that the subsidy should be increased. I do not know. But certainly if the mine owners' claims are true and if they cannot afford to pay the people in the gold mining industry as well as miners in the base metal industry are paid, then something should be done to make that possible. It is not fair to ask these miners to bear the loss incurred by the fact that the mine operators are operating an industry where the costs continue to rise and where the price of their product is fixed by governments. I am not quarrelling with the act or with the necessity for it. What I am asking is that there should be a thorough investigation of this industry. If these subsidies are not large enough, they should be increased. Certainly the miners should not be left in the position they are in today.

I am happy to hear the hon. member for Timiskaming defending the mine owners for their communities' support. I have heard municipal authorities complain that these gold mines were not bearing their share of municipal taxation. I am quite sure that it will be encouraging to know that the hon. member for Timiskaming, who has a great wealth of experience in municipal affairs, views their support with such a high degree of admiration.

In view of the very fact that under this act, the minister tells us, forty mines have been forced to close and so few mines have come into operation, and the fact that, of necessity, under the present act the larger producers of gold are getting the larger share of the subsidy, is it not worth considering whether or not this act is doing the job that it was intended to do, namely, that of helping some of the smaller mines? Is it rendering to the smaller mines—those that are operating at high cost—the assistance that it was originally intended it should render? Those are questions that I think we should consider. I greatly regret that the minister

undertakes to shelve the whole matter by accepting the excuse that the federal government has no jurisdiction over natural resources.

Mr. Fulton: I just wanted to ask the minister a couple of questions. I do not want to interrupt the train of argument. If the minister wants to reply now, I can wait.

Mr. Prudham: I should like to finish the matter and to answer now.

Mr. Fulton: Go ahead.

Mr. Prudham: The hon. member for York South still seems to insist that some of the mines are probably withholding high-grade ores, hoping to cash in on the emergency gold mining assistance. He suggested that perhaps we should look at McIntyre. I happen to have here the figures showing the average grade of ore milled at McIntyre mine from 1935 to 1953. The figures are as follows:

Year	Ounces of Gold per ton
1935	·294
1936	·280
1937	·286
1938	·279
1939	·287

These grades were during the years when the price of gold was quite favourable.

Year	Ounces of Gold per ton
1940	·283
1941	·291
1942	·289
1943	·294
1944	·302
1945	·305
1946	·292
1947	·297
1948	·314
1949	·297
1950	·289
1951	·287
1952	·280

And for the first nine months of last year the same recovery per ton was shown, namely ·280. The average for the whole period was ·290. If the grade had been increased last year to ·290, McIntyre mines would receive $12,079.02 less in emergency gold mining assistance. An increase in production of 5,588 ounces of gold would have been valued at $195,582.83; that is at $35 an ounce. If, on the other hand, the grade had been lowered by ·01 ounce per ton, McIntyre mines would receive $9,634.06 more in assistance. The decrease, however, would represent a decrease from sales of gold of $206,280.16.

This shows very clearly that it would be unprofitable to lower the grade of ore unless it was necessary to do so on account of conditions in the mine. You just cannot win by low grading or hoping to collect on the Emergency Gold Mining Assistance Act. As the grade of ore decreases the number of ounces decreases. You have the two factors, the rate of assistance applied to the number of eligible ounces. It is not possible to beat this provision. I hope the figures I have taken the time to put on the record will prove conclusively to my hon. friend that this is so. In so far as we can tell—and we are very confident—no one could beat the act, even if they wanted to, and we are confident on the basis of our inspection services that nobody is trying to.

Mr. Noseworthy: I want to thank the minister for putting these figures on the record. I am quite sure they will help to clarify a situation about which there is a great deal of dispute.

Mr. Adamson: I want to say something in answer to the same argument because I think it must be dealt with now. First of all may I say, in the somewhat more robust language of the north, that the hon. member for Timiskaming made a damn fine speech this afternoon. McIntyre mine has been referred to. I have been underground in McIntyre many times. Some years ago McIntyre discovered what is known as the twenty-five vein system. It is to the north of the property. It is a nearly vertical vein structure of quite high grade. It runs about an ounce per ton which is about four times the average grade at the mine.

As the hon. member for Timiskaming said, the ideal is to have a mill feed of constant grade running to the mill. The situation at McIntyre is that in the old Pearl lake porphyry area and the other older parts of the mine the grade may run from ·15 to ·2, perhaps even less than ·15. This ore is mixed with a proportion from the twenty-five vein system area to bring the average grade up to what the minister said, about ·29 ounces per ton.

So far as increased costs are concerned, let me take the case of Kerr-Addison. At the present time Kerr-Addison is probably the greatest gold mine in Canada and North America. Quite conceivably it may become the greatest gold mine in the world. It has a wonderful deposit of ore. Years ago before the war they cut off mining or hoisting or breaking ore when they got below ·06 ounces per ton. As costs rose they stopped breaking at ·07 and as they rose further at ·08, ·09 until now I believe any rock containing less than one-tenth of an ounce is considered waste rock.

The quantity of ore between ·06 ounces per ton and ·1 ounces per ton runs to many hundreds of thousands of tons, and many thousands of dollars' worth of gold is lost to Canada and to the national wealth of the country for all time. That is an example of what increased costs are doing so far as the destruction of our national wealth is concerned.

With regard to the question of sealing off, in one, maybe two, and possibly three cases that I know of an extremely high grade section was discovered and sealed off. I think the highest grade section was discovered some years ago at the O'Brien mine in the Cadillac area. I have forgotten what it ran, but it was 20, 30 or perhaps even 50 ounces per ton over a very short distance and a very small ore chute. I am not sure how big it was but I saw the ore in place and it was just like looking at the national mint. It was a very beautiful sight. But it was a very small occurrence and to safeguard that very high grade deposit the stope was barred and locked to prevent high grading. That was some years ago.

There may have been one or two other cases. Siscoe had some high grade and there may have been other cases where, a small chute of tremendously high grade ore having been discovered, it was wired off for a temporary period simply and solely to prevent high grading until such time as the ore could be mined. Incidentally, that was a long time before the Emergency Gold Mining Assistance Act came into force and had nothing to do with sealing off high grade ore in order to mine low grade ore. What the hon. member for Timiskaming has said is absolutely correct. It is nothing short of ridiculous to think that any mine would seal off high grade today.

Mr. Fulton: I should like to ask the minister a couple of questions. Before doing so, I should like to say that along with my colleagues I support entirely the continuation of this act for another year. However, in view of comments which I read in the press this morning I should like to ask the minister to clear up one matter. As I understood those comments, they certainly gave rise to the suggestion at any rate that the minister had said that the government would only continue this assistance for one year, and it was represented that it was almost their intention to discontinue it after a further year. On referring to page 3030 of *Hansard* of March 16 I find the minister said:

> In conclusion, Mr. Chairman, may I say that in presenting this resolution for an extension of assistance for the year 1954 it is the government's hope that this extension will enable the gold mines to continue their operations so that eventually they may be able to carry on without this emergency assistance. It has always been the government's intention that this assistance should be only of a temporary nature.

As I read that statement, it is quite different from the conclusion I formed after reading the press comment this morning, and I should like the minister to clear up the matter for me. While appreciating the desire, which I think we all share, that as soon as possible the gold mining industry may be restored to a healthy state so that this assistance will not be necessary, is it a fact that the government has not placed any time limit on the period for which they are prepared to continue the assistance but are merely hoping they will be able to discontinue it as soon as possible?

Mr. Prudham: I stated the government's case quite clearly yesterday, as my hon. friend indicated when he read from *Hansard*. We are asking for an extension of this act to the end of this year only. We hope it is the last time it will be necessary to extend it. However, as has been the case ever since 1948, we expect to review the situation at the end of the year. I am not holding out any hope it will be extended another year. I certainly hope it will not be necessary.

Mr. Fulton: No more significance should be attached to the fact that it is only continued for one year on this occasion than to the fact that previous extensions have also been one-year extensions. Would that be a correct statement?

Mr. Prudham: It is up to my hon. friend as to what he infers from what I have said. When the original bill and the extensions have been before the house, we have always said that the measure was designed to meet an emergency. When that emergency is over, there will be no more need for this assistance.

Mr. Fulton: There is another point about which I should like to ask the minister. Is it a fact that under this legislation there is no compensation to the mines for the fact that the price of their product has decreased?

Mr. Prudham: Well, Mr. Chairman, that is the purpose of this bill, to compensate the mines for the fixed price which they receive for their products.

Mr. Fulton: I am sorry I did not make my question clear. There is no additional compensation under the legislation now being continued to take care of the fact that the price of gold has decreased within the last year. The hon. member for York West and the minister both placed on *Hansard* last night the price of gold during the current year, which appears to be $33.79 per ounce as of March 6. This represents a decline over the last year or two as a result of the increase

in the value of the Canadian dollar in terms of the United States dollar. I am asking for confirmation of the fact that there is no increased measure of assistance now being offered to make up for the fact that within the last twelve months there has been a further decline in the price of gold.

Mr. Prudham: Two years ago there was an amendment to the act to provide additional assistance. The need for the additional assistance at that time was brought about by a decline in the price of gold. It depends upon how a mine owner likes to assess his problem, whether he thinks the price of gold is too low or his costs are too high. This assistance is designed to assist the mines.

Mr. Fulton: I think we are getting at the point now. The minister says the amendment was introduced two years ago. Is it not a fact that the price of the Canadian dollar, in terms of the United States dollar, has increased further since that amendment was made two years ago?

Mr. Prudham: The average mint price in terms of Canadian dollars was, in 1942 to 1945, $38.50; in 1946, $36.75; in 1947-48, $35; in 1949, $36; in 1950, $38.05; 1951, $36.85. On February 20 of this year it was $33.81 and on March 6 last it was $33.79. The price has been fluctuating. It is down from 1951, but we have increased the assistance since that time.

Mr. Fulton: The assistance was increased in 1952, and the figures the minister has placed on the record indicate there has been a further decline from 1952 to the present time. He did not put on the record the figures for 1952. In 1951, the price was $36.85. I think it is fair to point out that there has been an increase in the price of the Canadian dollar since that amendment two years ago, which would produce a corresponding decrease in the price of gold to the Canadian producer.

The reason I wanted to make that point was that it seemed to me the government should perhaps contemplate some further measure of assistance to take care of the continuing decrease in the price of Canadian gold. Two years ago I did not hear anyone seriously suggest that the measure of assistance being provided, even under the amendment, was overly generous. I think the government's attitude has been to provide sufficient assistance to enable the mines to continue in operation. If two years ago the assistance then provided was no more than enough to enable them to continue in operation, and the price of gold to the Canadian producer has declined since, does it not follow the government should be revising the scale of assistance? I think it does. I should like to know from the minister what representations have been made on that point, and what consideration, if any, has been given to it?

Mr. Prudham: We do not propose any increase for this year.

Mr. Fulton: In conclusion, I should like to lay before the minister the suggestion that if the gold mines and those engaged in the gold mining industry are to be enabled to carry on on a comparable standard with the rest of the people, and particularly with those engaged in other forms of mining activity, then it seems to me we should be making some adjustment in the scale of assistance to compensate for the further decline in the price of gold since the last adjustment was made. I strongly urge the minister and his department to undertake a review in that connection, to see if they would not agree with me as to the necessity for an adjustment.

I have in mind the two quite large gold mines in my own constituency, the Pioneer and Bralorne mines. They are, as most mines are, in remote areas. There is no other town except the mine, and there are no other facilities there. They are purely mining towns. The cost of everything the people living there have to buy is high because it is a small community and supplies must be trucked in over some 47 miles of extremely mountainous road. These men are faced with the impossibility of any adjustment in their wage rates as a result of the limits on the assistance provided, and yet they are faced with a cost of living much higher than in most other communities in the country.

If two years ago the assistance was no more than enough to enable the mines to continue in operation, and the price of gold has declined since but the assistance has not increased, then it seems to me that forms a strong argument in favour of a review so that those engaged in the gold mining industry can maintain a standard comparable with those in other forms of activity.

Mr. Fleming: I heard with considerable interest the minister's statement a moment ago, that he looked forward to the possibility that it might not be necessary a year hence to continue this form of assistance to the gold mining industry. On what grounds does he base that hope?

Mr. Prudham: Well, Mr. Chairman, as I said in my opening remarks on the resolution, the industry has responded to the challenge, it has decreased its cost of producing an ounce of gold, and has produced more per man-day. To a large extent that has been brought about by improved methods

and increased mechanization. I do not think even the mines themselves would suggest that they have done everything or that there is no room for improvement, as new techniques develop. I think that is the way the problem should be solved, rather than by increasing the government subsidy every time there is increased disparity between costs and sale price.

Mr. Fleming: I was hoping the minister would say something about the other factor which, I suggest, is much more important than either of the factors he mentioned. I refer to the price of gold. Has the minister any grounds for hoping that within the next year we may look for an increase in the price of gold?

Mr. Prudham: I have no grounds for that hope. I am satisfied this government is doing everything possible to influence an increase in the price of gold. The hon. member for York West suggested that we should lead the world by increasing the price. Well, I do not believe anyone who gives the matter serious consideration would advocate that we increase the price of gold to, let us say, $50, and be prepared to accept all the gold that would flow into this country from all parts of the world. Fifteen million people certainly cannot become the bankers for the world. We hope that the United States some day will see fit to raise the price of gold, but we do not know when that might be; and there presently is no indication of it.

Clause agreed to.

Bill reported.

Mr. Speaker: When shall the bill be read a third time?

Mr. Knowles: Next sitting.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

The house resumed, from Tuesday, March 16, consideration of the motion of Mr. Chevrier for the second reading of Bill No. 374, to control export and import of strategic materials.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, the matter of governmental control over exports and imports is no stranger to the house. Export control over materials was established in 1941 under the War Measures Act, and we have had it in one form or another ever since.

The Export and Import Permits Act was first enacted by parliament in 1947. It has since come before the house, through amending measures, in 1948, in the second session of 1949 and in 1951. When the measure was first introduced it was placed in the category of measures to carry forward controls that had existed during the war. Indeed, sir, clause 14 of the bill then introduced, as it appears in chapter 17 of the statutes of 1947, contained this provision:

> This act shall come into force upon the expiration of the National Emergency Transitional Powers Act, 1945, and shall expire sixty days from the commencement of the first session of parliament commencing in the year one thousand nine hundred and forty-eight.

It was put before the house at that time as legislation to deal with a type of emergency which was thought still to exist in 1947 and which, in the period when the War Measures Act had ceased to be in effect, had been carried forward under the authority of the National Emergency Transitional Powers Act, 1945.

In the various extensions of this measure, it has always been put before the house as a measure of limited duration. I have indicated that when it was introduced in 1947 it was to expire in 1948. In 1948 an amendment was introduced which extended the period of life of the measure to March 31, 1950. In the second session of 1949 the life of the measure was extended to July 31, 1951. Then at the 1951 session the life of the measure was extended to July 31, 1954. And, unless extended in some form at this present session, it will expire on that date.

I have mentioned that the measure was introduced as one designed to cope with an emergency. The emergency, as described by the minister who introduced the measure on February 18, 1947, is of a nature comparable in no way, I suggest, with the conditions of today. The Hon. Mr. MacKinnon, at page 568 of *Hansard* for that date, referred to the main purpose of export control in these words:

> While the main purpose of the export control is to ensure adequate supply in Canada, the export controls are also necessary to enable us to carry out Canada's commitments in connection with those foodstuffs which are in world short supply and which, by common agreement of the united nations, must be formally allocated to ensure an equitable distribution.

And then he made mention of a third form of control, or a third purpose of control, and said this:

> A third type of control which is envisaged by this measure is that relating to the movement of arms, munitions and war materials and supplies.

I am sure I do not need to dwell at length upon the radical change in the situation as between February 18, 1947, and today, March 17, 1954—the 17th of Ireland.

Mr. McIvor: Hear, hear.

Mr. Fleming: There is no longer any scarcity of goods in Canada which must be assisted

by control over exports, nor is Canada lacking the foodstuffs or other materials necessary to fulfil international agreements at this time. The third type of control mentioned by the Hon. Mr. MacKinnon in the extract from which I have just read is one that is much more in our minds today.

When the measure came before the house in 1947 it was proposed on behalf of the official opposition by the hon. member for Greenwood (Mr. Macdonnell) that the whole subject should be carefully reviewed in the banking and commerce committee. His suggestion was accepted on behalf of the government by the Hon. Mr. MacKinnon, then minister of trade and commerce. It will be remembered that a very useful review of the whole structure of export and import control was carried out in the banking and commerce committee.

When the measure was reported back to the house I think there was general recognition of the fact that the reference to the banking and commerce committee had been a highly useful procedure. Mr. Speaker, I am again suggesting to the house that an equally useful purpose would now be served by the reference of this measure to the banking and commerce committee. The Minister of Trade and Commerce (Mr. Howe) is not present with us today, being absent in Washington on official duties attending an important international conference, but I am laying that suggestion before the government and before the house as one which I think will facilitate the business of the house and also contribute considerably to an adequate review of this control structure.

When the measure was under debate at that time the hon. member for Greenwood, speaking for the official opposition, drew attention to three fundamental considerations that should weigh with the house in reference to a measure of this kind. I suggest that those observations are equally valid today. First of all, he expressed a dislike of controls as the kind of interference which in ordinary circumstances tampers with the free flow of sound economic forces. In the second place, he expressed a dislike of government by order in council. Every measure of this kind inevitably involves the conferring of power upon the governor in council virtually to legislate by that means. That objection is as strong today as it was in 1947, or stronger. The third consideration which he drew to the attention of the house at that time was the danger of placing in the hands of the government a weapon or power which could be used to create monopoly or to impose a discrimination between different Canadian exporters or different Canadian importers. When the measure was brought back to the house after review in the banking and commerce committee an attempt was made to control the date of expiration of the measure more effectively, but that amendment of the hon. member for Greenwood was defeated.

Those who sat in the last parliament will recall that when this measure came before the house in 1951 there were two forms of extension involved. One was the extension in point of time; the other was an extension in the type of control contemplated by it.

So far as the extension in point of time is concerned, it was the proposal of the government at that time that the extension should be for a period of five years to July 31, 1956. I will say this for the work done on the measure in the other place that that extension was reduced to three years. A somewhat similar reduction in the length of the extension had been proposed in this house, but it was rejected by the government. Mr. Speaker, I should have thought it necessary with respect to a measure of this kind, which can only justify its existence on the basis of the existence of an emergency, that the house should insist that an opportunity would be afforded to it for a periodical review and that there should be nothing in the nature of a long or indefinite extension of time. The three-year extension did carry and we are now faced with the conclusion of that three-year period.

The other form of extension made by the 1951 amendment was in the nature of the control. Up until that time the control had been upon a commodity basis. In 1951 control on a country basis was added. That was a very important extension. The reason was quite obvious. It was in the period following the outbreak of communist aggression in Korea and no objection was taken to that particular type of extension under the emergent conditions which were then described as existing.

In this 1954 session we are invited to consider the replacement of the Export and Import Permits Act. The measure now under debate contemplates the repeal of the existing legislation and its replacement by a new Export and Import Permits Act, which presumably in some respects will carry further the broad structure of controls existing under the present legislation.

I think that this is a measure of high importance. It brings us face to face with many far-reaching questions in relation to trade policy, particularly in the type of world we are living in where a cold war still is being waged and where a hot war

is being fought in certain unhappy parts of Asia. It is with that background that we approach this measure.

It is fair to ask at once: What is the extent of the use made by the government of the powers conferred upon it under the existing legislation? It is proper to answer that the use of the power has been quite extensive with respect to export but very limited with respect to import. May I give the house the details of the permits issued in the past four years:

	Export	Import
1950	23,526	5
1951	32,026	109
1952	33,422	1,568
1953	26,635	650
	115,609	2,332

The export permits outnumber the import permits by fifty times. The question then naturally arises: What is the necessity for import control? I submit that that is a matter which should have serious consideration, which should have a more serious and extended study than is possible in the house or in the committee of the whole. It is a subject that ought to engage the attention of a committee like the banking and commerce committee.

One example of the use of this power of limiting exports comes to mind at once, and I refer to the limitation announced in the house by the Minister of Trade and Commerce on December 14, 1953, with respect to the export to the United States of Canadian oats. This is in truth an example of the control of exports which has no relation to strategic materials, which has no relation to arms, which has no relation to war materials or munitions, but which is used as an instrument of trade policy.

I ask the house to consider whether this is the type of use of a controlling power which the house approves. At that time it was announced by the Minister of Trade and Commerce as a government decision that effective at midnight December 10, 1953, and continuing until midnight September 30, 1954, the Canadian government had undertaken to limit the shipment of Canadian oats to the United States to 23 million bushels. The reason given was that the United States executive had asked that this measure be taken by the Canadian government in order that the United States government might not be faced with what was then an imminent breach of the general agreement on tariffs and trade by the United States congress.

It may have been very accommodating to the government of the United States that the government of Canada should come to its rescue in this situation and impose this limitation on the export of Canadian oats to the United States. But what are the hard realities of the situation? The fact is that the United States congress deliberately violated the general agreement on tariffs and trade in 1952 with respect to the importation into that country of certain dairy products. In 1953 they again violated the general agreement on tariffs and trade, and again with reference to certain dairy products, by the extension of the products to which certain prohibitory legislation applied, and now congress, at the end of 1953, apparently is on the point of again violating the general agreement on tariffs and trade by applying restrictions on the importation of Canadian oats into that country. The Canadian government rises to the occasion and accommodates the executive of the United States by imposing these restrictions upon the export of Canadian oats to the United States so that, apparently, the United States congress will not be put in the position of violating, as it has in fact and in spirit, the general agreement on tariffs and trade. I for one, Mr. Speaker, fail to understand why it became the duty of the Canadian government, the considered responsibility of the Canadian government, to take that action at that time.

If the United States congress at the expense of the Canadian farmer is determined to violate the spirit and the letter of the general agreement on tariffs and trade—a shocking violation of good faith in a world in which violations of good faith on the part of nations in the west are critically examined by those in the world who are not our friends—then I believe that that responsibility should be allowed to rest squarely where it belongs, namely on the United States congress as the violator of the agreement. The Canadian government should not step forward and impose limitations upon the export of Canadian grain to accommodate the United States congress.

I now pass on, Mr. Speaker, to a consideration of the effect of this measure in relation to a subject of even wider significance. This measure before us is described as "an act respecting the export and import of strategic and other goods". Let us dwell for a moment on the importance of that word "strategic". The word itself, of course, is not defined in the bill. Its exact import may be a matter of debate in certain particulars, but its significance is, I believe, beyond question. We are thinking here in terms of ensuring that materials which would be of assistance to aggressors in the world today are not permitted to fall into the hands of those aggressors, either by direct export of such

goods to those aggressors, or by export elsewhere under such circumstances that they will by indirect methods eventually fall into the hands of those would-be aggressors.

This, Mr. Speaker, raises some very far-reaching and searching questions as to trade policy, and as to the relationship of trade considerations to the whole broad question of the peace of the world. In examining the figures on trade with nations which lie behind the iron curtain one finds some rather interesting facts. First of all, let us look at our export trade with Russia. In 1952 we exported to Russia a total of $421 worth of goods, in 1953 a total of $478 worth of goods. The records indicate that these goods exported were: settlers' effects, books, liquor, and donations. Our trade with China shows some rather interesting figures also. In 1952 we exported to China goods to the value of $1,155,524, and in 1953 the total was nil. If one looks at trade with Hong Kong as reflecting something of the trade we formerly did with China it will be seen that in 1952 our export trade to Hong Kong amounted to a total of $9,581,937, and in 1953 $8,999,606. I am not going to deal with the other countries which lie behind the iron curtain but I will mention one with which we used to do a rather important trade, namely Czechoslovakia. Our exports to Czechoslovakia in 1952 were only $366,229. In 1953 they have fallen further to a total of only $122,691.

It is worth noting, Mr. Speaker, that since 1951, under the powers conferred by the existing legislation, the government has enlarged the number of countries with which trade is proscribed except on an export permit basis. The 1953 report of the Department of Trade and Commerce in relation to this measure shows that since January 13, 1953, the number of proscribed countries, to which goods are not permitted to move except under permit, are the following: North Korea, Hong Kong, China, Macao, Manchuria, Mongolia, Sinkiang, Tibet, Albania, Bulgaria, Czechoslovakia, Estonia, the Russian occupied zone of Germany, Hungary, Latvia, Lithuania, Poland, Danzig, Roumania, the Ukraine, and the Union of Soviet Socialist Republics. That represents a very much enlarged list of countries as compared with the previous list of proscribed countries since the power to control export by countries was conferred upon the governor in council in 1951. I am quite sure, Mr. Speaker, that no one in this house questions the wisdom of extending the prohibition to all these countries, except on the permit basis.

Let us then examine the question of trade with those countries behind the iron curtain. It is timely, I believe, that this question should occupy the attention of the house. Let us consider the question of trade with Russia. We are doing virtually no trade whatever with that country. The Russian ambassador in this city made headlines on February 6 when he announced that Russia was ready to do business with Canada, and in an interview with the local press intimated that the U.S.S.R. was ready to open negotiations for purchases of Canadian goods. When questioned further on the subject he intimated that a trade delegation would be sent by Moscow to Ottawa for this purpose. He was asked some interesting questions by the press as to the type of goods that Canada might hope to sell to Russia. I think it is not unfair to say that the answers he gave to these questions were not altogether illuminating. Various commodities were mentioned such as wheat and ships, but the ambassador's answers were not very informative.

However, with a view to ascertaining, if possible, the position of the Canadian government with reference to the question of trade with Russia, I asked the Minister of Trade and Commerce (Mr. Howe), on February 17, for some information on this subject. He was about as illuminating as was the Russian ambassador in reply to questions put to him on the occasion to which I have referred. As reported at page 2170 of *Hansard* the minister's answer was as follows:

> Trade between Canada and any country behind the iron curtain is carried on subject to permit. In other words, a permit must be issued by my department for any transaction concerning exports to those countries. There has never been any prohibition against trade in certain commodities, while there is a definite prohibition against trade in commodities that are on the restricted list. I refer to strategic materials. Subject to that reservation, if any Canadian merchant can arrange trade with Soviet Russia, his application will be considered by the department.

I sought a little more information from the minister as to whether, in the view of the Canadian government, this is simply a matter for a sales effort on the part of Canadian merchants and businessmen or whether the Canadian government itself had some interest in the question of enlarging trade with Russia. Again the minister's answer was anything but illuminating. He said:

> The government is interested in the expansion of any trade provided it does not conflict with government policy, but the government does not enter into trade directly. As I say, if there are facilities for carrying on the trade and if private Canadians wish to develop trade with Russia, the government will be glad to consider the nature of the transaction and either to issue a permit or not do so, as the circumstances warrant.

You will note, Mr. Speaker, that the minister in effect in saying that the government encourages trade provided it does not run against government policy, but he has not

told us what government policy is with reference to trade with Russia. I am asking for a statement in the course of this debate. The minister, it is expected, will be back in his place in the house tomorrow. I am asking the Minister of Trade and Commerce to tell the house and the country what the policy of this government is with reference to trade with Russia.

I draw attention to the fact that this is a subject that is occupying the attention of governments of other countries. It has indeed become a subject of not a little interest in the United Kingdom. Emanating from Westminster of late there have been many reports of debates on the subject of enlarging trade with Russia as a means of building wider mutual trade relations, and in that way it is hoped to remove further from us the ugly spectre of war. For instance, in a dispatch from London of March 2, we read this:

> The British government is planning to seek a substantial relaxation of embargo restrictions on the sale of manufactured goods, raw materials and shipping to Russia.

The President of the Board of Trade, Mr. Peter Thorneycroft, is quoted as having said that day in the British House of Commons:

> The Prime Minister said a substantial relaxation of regulations affecting manufactured goods, raw materials and shipping will be sought . . . That is what is in view.

Then again, in a dispatch from London of January 29 last, we read this:

> Britain disclosed today she will open trade and financial talks soon with three Soviet satellites—Hungary, Poland and Czechoslovakia.
>
> A board of trade spokesman said Britain will not alter her embargo against the export of strategic or war potential goods to any iron curtain country.
>
> "It is, however, a firm government policy to encourage any possible increase in the trade of non-strategic goods," he said.

Then reference is also made to another statement by Mr. Peter Thorneycroft in the British House of Commons:

> . . . Britain wants to extend trade with communist countries in Europe "to the maximum, consistent with security needs."

From Moscow there have been intimations of a desire to expand trade with western countries. Of course, Mr. Speaker, I take it that we are all realists here; we approach with serious reservations any intimations from Moscow as to desires of this kind. Nevertheless, it is worth our taking note at least of what is being said from that source. I have here an Associated Press dispatch from Moscow dated February 4 in which the following appears:

> The Soviet union today offered more than $1 billion worth of contracts to British industries for delivery from 1955 to 1957. It was the biggest gesture thus far in Russia's widely publicized campaign to revive east-west trade.
>
> The offer was followed several hours later by the announcement of a British shipbuilder here that he had signed a separate contract to build twenty fishing trawlers for the Russians for almost $17 million.
>
> (First comment from the British board of trade in London said, "We welcome any increase in trade with Russia, provided it is within the non-strategic field.")
>
> The cash-for-goods Soviet offer of £400 million ($1,120 million) involves varied equipment including tankers, industrial plant equipment and railroad equipment.

Mr. Speaker, the dispatch proceeds to indicate what are described as the highlights of the Russian memorandum of the goods required. I shall not labour the matter by giving statistics, but the list includes cargo ships, whalers, power equipment, forging and pressing equipment, machine tools, textile and food processing machinery, floating docks, railway equipment, steam boilers, rolling mill equipment and hydraulic presses for the motor vehicle industry.

At about the same time comes a dispatch from London of February 16 as follows:

> British manufacturers will be permitted to export up to £200 million worth of goods to Russia provided they get the orders, a government spokesman said in the House of Commons today.
>
> He said this represented approximately half the value of commodities listed by Russia on a schedule presented recently to a group of British manufacturers and business men visiting Moscow.
>
> The remaining £400 million worth of commodities sought by Russia comes on the list of strategic goods, banned from export to communist countries.

If any further clarification were needed of the view of the British government in this matter, it was supplied by Prime Minister Churchill himself in the British House of Commons on February 25. His statement there is quoted in a press dispatch as follows:

> A policy combining military strength with expanding Anglo-Russian trade and patient diplomatic negotiations with the communist powers was outlined to the Commons today by Sir Winston Churchill.
>
> The Prime Minister called for more trade with the Soviet union and eventual relaxation of cold war embargoes as a means of reaching a workaday understanding with Russia.

And then further:

> Shortly after the Prime Minister's speech, the major one for the government side in a two-day debate, it was stated authoritatively that Britain will submit new proposals for a revision of the embargo list to the United States and France through British embassies in the two capitals.

Mr. Speaker, I leave for the moment the subject of trade with Russia by directly asking the government what is its policy with reference to this subject. It is a subject that now engages the attention of the United Kingdom government and it can no longer escape the attention of the Canadian government or the Canadian House of Commons. Furthermore, has the Canadian government been consulted in the manner in which it

was indicated by Sir Winston Churchill in this last extract it was his intention to consult the United States and France in this regard?

On motion of Mr. Fleming the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take the motion to appoint the committee on railways and shipping, then continue this debate, and then take second reading of the bill with respect to losses to government property. Then we shall go into supply and take the departments of mines and technical surveys, fisheries and transport.

Mr. Knowles: Is the minister in a position to tell us now what might be the program for Friday?

Mr. Harris: I think it will be largely what I have already indicated for tomorrow, or what part of it may not be disposed of. We may possibly also call the bill having to do with diplomatic immunity but I am not sure yet.

At six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, March 18, 1954

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, March 18, 1954

Sir:

I have the honour to inform you that the Right Hon. Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, Thursday, the 18th March, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,

sir,

Your obedient servant,

J. F. Delaute,
Secretary to the Governor General.
(Administrative)

(Translation):

HOUSE OF COMMONS

SALE OF FRENCH LANGUAGE NEWSPAPERS IN CAFETERIA

Mr. Hector Dupuis (St. Mary): Mr. Speaker, may I ask you to look into the advisability of putting on sale a morning and an evening French language newspaper in the parliamentary cafeteria? I believe I am speaking on behalf of a large number of my colleagues in making this request.

Mr. Speaker: I shall be pleased to give consideration to the hon. member's request.

(Text):

THE PRIME MINISTER

WELCOME ON RETURN TO HOUSE OF COMMONS

Mr. Speaker: If *Hansard* could have registered the genuine sentiments of admiration and affection felt in all parts of the house for the Prime Minister (Mr. St. Laurent), sentiments which prompted the enthusiastic applause we have heard in the last few seconds, no words of mine would require to be spoken. I know that all hon. members, however, want me to tell the Prime Minister that we are very pleased to see him back in his seat in the house from his good-will tour around the globe and looking so well.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if I might have the consent of the house for a few moments I would like to take this opportunity to thank you, sir, and all my colleagues for the generosity and cordiality of the reception they have accorded me this afternoon.

I would also like to make a very short report of this trip which has been so happily concluded.

I want to assure hon. members that everywhere I went as a representative of Canada I was received with enthusiasm and every evidence of friendliness and good will. But nowhere was that more touching to me than it was last evening at the airport and here this afternoon in the House of Commons.

Everywhere I went I heard "O Canada" sung, and I was always moved and touched at the feeling of pride it gave one to be there as a representative of that country for which the hymn was being sung or played. But when I heard it on opening the doors of the airplane last evening I do confess that a lump rose in my throat, because it was a great pleasure and a great satisfaction to be back in this land, and because the sight of my friends on the field made me prouder than ever that I could as a Canadian come back to my homeland.

I will not attempt to make a narrative of my trip. I have not seen all the newspapers. But I have seen some clippings and I have been told that there was quite a large volume of publicity given to the happenings of each day while I was away. I do wish to express gratitude to the Canadian press, as I have in other countries expressed gratitude to the press of each of those countries, for the help they gave me in spreading this message of good will and friendship which I had been authorized by my colleagues in the house, and I believe by the public generally, to carry to those various nations.

This afternoon I feel I should discharge the responsibility placed upon me virtually everywhere I went to assure you, sir, and all my colleagues in the house, and through them the Canadian people, of the very cordial greetings, friendliness, and good wishes of the people of those several countries.

From London I bring you the greetings of Sir William Churchill, Lord Alexander, Lord

Athlone, Lord Swinton, Minister of Commonwealth Relations, the Chancellor of the Exchequer, the Minister of Labour, and several others. I can assure hon. members that it gave me great satisfaction after leaving Canadian soil to make my first stop on the soil of the United Kingdom.

I might say, incidentally, that I received from Sir Winston Churchill a bit of advice which stood me in good stead during the whole of my trip. He told me he expected my trip would be a bit strenuous, but that he had always found it was wise never to stand too long when there was an opportunity to sit down, and not to be content to sit down when there was an opportunity to lie down.

From London we flew over to Paris, and although we were somewhat concerned when we left London by the news that we might not be able to put down on the continent, the fog lifted just about 20 minutes before we arrived at Orly and we were able to disembark and be greeted by our French friends before the fog closed in again a few minutes afterwards.

In France I was most cordially welcomed by the new president of France, Mr. Rene Coty, and his charming lady, Normans like many of the Normans who were here in the early days, and some of whose descendants are here in this house at the present time; and also by the prime minister, the president of the council of ministers, Mr. Laniel, also a Norman. There was some suggestion in France at this time that the country was being run by the Normans. When I heard that suggestion I told them that from my experience with Normans, and perhaps from that of the people of the United Kingdom with Normans, we would not find that that was anything to worry about. I also had the privilege of meeting the president of the national assembly who occupies a post similar to yours, Mr. Speaker, and the president of the council of the republic. Though that is its official name, it is still commonly called the senate. To them and through them to the elected representatives of the republic I conveyed our greetings and was charged by them to bring back to you and to all our colleagues their best wishes and most cordial regards. I also met several others, among whom was our friend Mr. Robert Schuman who, though he has reverted to the role of an ordinary member of the assembly, is still taking a great interest in the international problems that are of such great concern to us all.

I had the privilege of dining with the members of the NATO council and then, the next morning, of a visit to the headquarters of SHAPE where I heard a concise but very instructive report from General Gruenther. I was also shown some interesting old Canadian archives that are still in Paris, although I think we have photostats of them in our own archives here. But there is something in just feeling these things that have come down from two or three centuries, though perhaps after my visiting the Orient two or three centuries would not have appeared to me to be so impressive as they were when I was examining these old documents relating to Canada's early history.

From there we went to Germany and I was delighted when I met for the first time Dr. Heuss, the president of the German republic. He is a man with a long university career, and with the appearance and the charm of a man of great culture. He confirmed the impression we had all formed of Chancellor Adenauer when he was here and which was also confirmed by the impression made upon me by the chancellor's colleagues in the ministry, namely that the leaders in these days in Germany are looking to a future where gains will not be dependent upon war but where they will be the result of good international relations between that country and all its neighbours. I think that the chancellor and his colleagues are most anxious to provide for a future where they will be allowed to live and where it will be their pleasure and satisfaction to let others live alongside of them.

I then had the privilege of visiting the troops at Soest under Brigadier Anderson. The barracks that are being provided there are magnificent. Everything has not yet been done but I should just like to give one little illustration that impressed me. When I asked the brigadier about the school facilities, he said they were coming along but that his own young son who is 7½ years old was attending the German public school. When I reported that fact to the chancellor, who I found had already heard of it, he said that our men were all behaving in the manner best calculated to make them accepted as true and sincere friends and as people for whom his German population would always have respect and admiration.

The next day we flew to Grostenquin. There I found the morale of our men to be very high, in spite of the fact that all the difficulties have not yet been overcome for them. The commander of the squadrons there, with his wife and their three children, are still living in a trailer but for that I had admiration. The officers are giving the men the impression that whatever are the difficulties, they are no greater for the men than

they are for the officers themselves. I think that is one of the explanations of this high morale I found everywhere among our troops. They all felt that they were human units in a joint endeavour being made by themselves and by those who were commanding them. It was at Grostenquin that we had our first disappointment. We had expected to go the same afternoon to Zweibrucken but the weather was still bad; we were experiencing the seasonal continental weather at that time. The plane that had gone from Grostenquin to Paris to bring the ambassador up to take part in our visit had not been able to put down at Paris and had come back without him and we were not able to get into Zweibrucken. I am sorry because I greatly appreciated the privilege of saying to these men, on your behalf, Mr. Speaker, and on behalf of my colleagues, that we realize that they are doing a large portion of our share in this general undertaking to maintain peace in the world. The time that we would have taken to visit Zweibrucken was taken up by visiting Guesslin, one of these farming villages in Lorraine. I must confess that I was somewhat depressed at the feeling that there might be still quite a large number of these villages or farming communities in France—the like of which we have not in this country—which do not appear to have changed greatly through many of the past decades. But every person we saw seemed to be good-humoured and seemed to feel that they were living quite comfortably but it was obviously under conditions with which our people in Canada would not be perfectly satisfied.

From there we flew to Rome. We got there late in the evening and came down from considerable heights to ground level rather quickly. I therefore found, when I stepped off the plane, that there was not much that I could hear. Then there was such an array of klieg lights that I found that within a few seconds there was not much that I could see. Hence for a moment or two I was, more than usual, in strange surroundings. But that condition disappeared and the warmth of the welcome that was accorded to us there was really quite moving.

We were invited to meet President Einaudi, another university man whose whole career until recently has been in the field of study and teaching, and who certainly has no other desire than to see the whole world at peace and to see all the people of the world have the opportunity to pursue the kind of careers of which his own is one of the examples of what an intelligent man would prefer to do rather than engage in the horrible business of destroying each other. I met the new prime minister, Mr. Scelba, and several of his colleagues who are quite firm in their resistance to communistic influence in their country and quite confident that that resistance is and will continue to be successful.

Personally I had another disappointment in Rome, one that was shared by several of those who were accompanying me. We had hoped to be received in audience by His Holiness the Pope but the condition of His Holiness' health was such that he was not able to receive anyone at all. I went and paid my respects to Monsignor Montini who, as hon. members know, was here a little over a year ago. I also wished to see Monsignor Tardini but was told I might not be able to see him because he was at that moment closeted with the Pope. We went around to his office just the same to leave cards and just as we got there Monsignor Tardini was coming out and was able at that time to give us very encouraging news of the state of health of the Holy Father. Unfortunately there have been relapses, and the state of his health is still giving grave concern.

The next day was quite a memorable one. I was received by the mayor of Rome, mayor Salvatore Rebecchini at the capitol. They put on a great municipal demonstration at the capitol and pointed out to me where Tarpeian rock was and warned me it was not very far from the seat of the mighty to this Tarpeian rock. They seemed quite conscious that under the democratic institutions as they existed 2,000 years ago and as they still exist the difference is perhaps no more than our colleague, the hon. member for Quebec South (Mr. Power), mentioned some time ago when he said that the transition from a private car to an upper berth was always something that could happen in politics. I was presented with a silver replica of the famous wolf with Romulus and Remus getting what would look from the replica to be a very welcome meal provided by the wolf.

Then we flew to Bahrein. As hon. members know, that is an island under a British protectorate. We were greeted there by what I suppose would be the crown prince, the eldest son of the reigning sheik himself, Sheik Ibn Salman Heklealifa, who extended cordial greetings, much to my surprise, because I had not been informed we were going to be received there. We were just stopping there as a matter of convenience to avoid travelling further by night. We stopped with the Hon. Mr. Burrows, the British political resident in that island. We were told that it was a place

where it never rained, but we were also told that for three days preceding our arrival it had rained quite steadily, and that was quite evident from the state of the airfield because it was rather splashy when we put down in spite of the great skill of the pilots of our plane.

The next morning we went on to Karachi. There we were received by our old friend, Prime Minister Mohammed Ali, with the cordiality those who know him can well imagine for themselves. We were put up at government house with the governor general, Ghulam Mohammed, who wanted to be especially remembered to our Minister of Finance (Mr. Abbott). It appears that for quite a long period he had some of the cares our Minister of Finance still has, and he always has retained an affectionate regard for a fellow sufferer as a result of their meetings at several international conferences.

An hon. Member: The extortioners must stick together.

Mr. St. Laurent: I also had an interesting conversation with Sir Mohammed Zafrulla Khan and met for the first time there, although I did meet his opposite number in other countries as well, a minister of parliamentary affairs. We do not call our Minister of Citizenship and Immigration (Mr. Harris) a minister of parliamentary affairs, but it was explained to me that his functions were very much like those of our good friend, although he combines them with being minister of law. Here we prefer to call our minister the Minister of Justice, but there they are content with the feeling that their law may mean the same thing as justice.

We went up to Peshawar and stayed there with the governor, Mr. Shahbuddin, a brother of the former prime minister of Pakistan, Mr. Nazimuddin, so that evidently political changes do not always have all the repercussions that they might be expected to have. These governors are appointed by the central government, and the brother of the former prime minister is still the governor and is a very cordial and very likable gentleman. We went up the Khyber pass right up to the Afghanistan border. A barbed wire fence marked the border and there was a guard just on the other side. We were warned we must not step over the line marked by the barbed wire, but I did go right up to the fence and extend my hand which was taken very cordially by the captain of the guard. I expressed feelings of good will and he said he was sorry that I was not going to visit his country. We warned the photographers that perhaps it would be just as well not to make any pictures of that incident because we did not want to get the captain of the guard into any embarrassing situation.

But when I got to Delhi I met the ambassador of Afghanistan to India. He had heard of the incident and thanked me for expressing good will to the guard and also expressed his regrets that I was not visiting his country. He did that in the most perfect French, which I am sure the hon. member for Eglinton (Mr. Fleming) would admire as much as I did. The drive up the Khyber pass is most interesting because it reminds one of the centuries that the pass has been the gateway for invasion into southeastern Asia from the time of Alexander the Great right on down. We were very cordially received by the Khyber Rifles, whose mess is at the head of the pass. On the way up we met many of the tribesmen who were also most cordial, almost embarrassingly so. They presented me with two sheep. I was told that we did not have to go through the whole of the ancient ceremony. The ancient ceremony implied that the recipient of the sheep was to turn them back to be sacrificed and roasted immediately for a feast that was to be shared. However, Mrs. Roosevelt has established the precedent that it is quite sufficient to put your hand on their heads as a token of ownership, and then ask the donors if they will not excuse you from remaining for the other festivities because of your other engagements.

At Peshawar I met a friend of our Minister of Agriculture (Mr. Gardiner), a Mr. A. E. Palmer, who has been there for a couple of years as an agricultural expert. He knew all about what had taken place in the Lethbridge area, and is quite encouraging. He says that though they have good irrigated wheat lands, they have only been getting an average of ten to twelve bushels per acre, while in the Lethbridge irrigated areas the least they get is thirty-five bushels and it goes up to sixty. By selecting seeds he had been getting forty or more from demonstration plots. He is quite firmly convinced they are going to be able to bring in and demonstrate the adaptability of the kind of seed that will enable these people to double or perhaps treble the amount of wheat they get from the same land.

I think that is the kind of thing that is being done under the Colombo plan and the technical aid plan, which is most practical and appropriate. It is not possible for the production of this continent, even if half of it were turned over annually to the hundreds of millions in those countries, to make very much difference in their standard of living.

Whatever is done under these plans can be added to the result of their own productive effort and the improvement of that effort, but it can be only the kind of addition that the oil fields are making to the economy of Alberta, which still has as its sound foundation the agricultural production of that great province.

Mr. Palmer is also firmly convinced that they can make sugar out of beets better and more profitably in the northwestern frontier province of Pakistan than they can make it out of sugar cane. He has convinced Mr. Sardar Rashid Khan, who is the chief minister of that province, that is probably so, and it is going to be tried out. Of course, they realize that growing beets is quite a lot of work. The work has to be done right down close to the ground, but these people do all their work sitting on their haunches so it is not going to be anything backbreaking to them to thin and weed rows of sugar beets.

Then we went to Lahore, that great old city, not the largest but perhaps one of the most interesting we did visit. Unfortunately the governor, His Excellency Mian Aminuddin, was indisposed but his Begum and members of the government met us at the airport and took us to government house where we were magnificently entertained and made most comfortable. There was a large dinner party given that evening, perhaps not only on our account, but it was the next to the closing day of the annual horse fair and agricultural show at Lahore. There were many people who had come, not because there was going to be a visitor from Canada, but to see the very interesting show that was being provided. Among others at this dinner there was the Prince Ali Khan, His Highness the Maharaja of Jaipur, the Maharani of Jaipur, Prime Minister Malik Khan Noon and other members of the government. It was a very impressive oriental dinner party in magnificent surroundings. We have not the like of these palaces that are being used by the native governors and were formerly occupied by the representatives of the controlling powers.

I went for about half an hour to this horse show the next day, really more to see what a holiday oriental gathering was like than to follow the incidents on the program. I found there is not very much difference between the appearance of a holiday crowd in the east and the appearance of a holiday crowd in our own country. I saw there another confirmation of the fact that men, women and children are much the same all over the world. I saw something also that made me still think of home. It was a musical ride by the governor general's guard. It was very well done, but I remembered the musical ride I had seen performed by the R.C.M.P. at the time of the coronation in London. I think I would be very hard put if I had to decide which was the more impressive of the two. In both cases the performance seemed to me to be perfection. There was exactly the same rhythm in the bearing of the men and the action of the horses. They were beating the time much better than I was doing when I was reviewing those guards of honour that were lined up at most of the places where I stopped.

Then, of course, we saw some of the beauties of that spot, the Shalimar gardens. These gardens were laid out certainly more than a century before those of Louis XIV at Versailles, which might seem to have been the pattern. Then when we got to India we saw the gardens that had been laid out around the palace at New Delhi, which was built only a quarter of a century ago. They are perhaps more like the Versailles gardens than the Versailles gardens are like the Shalimar gardens, so it would seem these things can move from east to west and back to the east. Everything that is done by man not to mar the beauties of nature but to make the beauties of nature more apparent and striking is much the same all over the world.

I also had an opportunity to see for the first times these great red forts that were erected in the sixteenth century and afterwards by the Moghul emperors. This country must have been extremely prosperous at one time because these red forts, the temples they contain, the palaces and different apartments that are provided are of a splendor that cannot be other than the reflection of a state of considerable prosperity at the time they were provided.

At New Delhi we were also received in the governor general's palace, that is the one that was erected when New Delhi was being provided as the new capital. I got the impression, and told Prime Minister Nehru, that it was a good thing it had been done before the minister of public works had to get an appropriation from parliament to provide it, because it was done on a scale for which it might be difficult to get appropriations in a democratic assembly. Perhaps it is a good thing. There are already 360 million people in India and the population is increasing all the time. It may be a good thing the palace was provided on that scale, with seventy-odd acres of gardens around it, for that set the scale for all the establishments of this new capital.

There is a lot of land there that does not look very attractive for agricultural

purposes, so they are going to have plenty of space to develop their new capital to meet the requirements of these hundreds of millions of population. There is a possibility, perhaps even a probability, that they will get back to a state of prosperity which enabled the red forts to be built in the sixteenth and seventeenth centuries.

The Prime Minister, Pandit Nehru, devoted a lot of time to me, for which I am very grateful. Our conversations, were, of course, very frank and very intimate. I am not going to be guilty of any breaches of confidence, but he was at great pains to explain to me his views of the historical development of the political regimes and economies and the cultural developments of the successive civilizations of these old countries, and the results of the ferments that are now taking hold among those hundreds of millions of people.

I should like to mention one or two things I saw. I saw the Qutab Minar, a great tower almost 300 feet high, I think, of huge blocks of cut rock and marble. One wonders how that was done thousands of years ago. We have no record of the cranes or other equipment they used to do those things in those days. But the blocks were raised to great heights and put together with some kind of cement or mortar that our contractors do not use in these days.

Alongside of the Qutab Minar there is the "iron tower", the "iron pillar". It is two hundred feet high. I am told it has been there for hundreds of years, and that it is practically pure iron—over 99 per cent pure iron. It is not oxidized; it has not suffered at all through all those years, and I am told that we just cannot do those things today. We cannot produce iron of that purity. And that is just one of the other things that lead me to believe that human nature has not changed through all these long centuries, and that we should not be over-proud of our achievements at the present time. I say that because there have been achievements in the past that we cannot equal today. We have much that we can pass on in industrial know-how to those great nations of the East, but there has been developed there long before our era much that could be used by us in our own lives.

We went to Agra and saw the Taj Mahal. Well, that is something which is a marvel to behold, and just makes one wonder how it was done. Perhaps it may have been a part of welfare state legislation. There are records showing that it was seventeen years in the building, and that 20,000 people were employed in constructing it. It is quite evident that neither time nor money were factors, and it is obvious that the aim was perfection, and I think that perfection was achieved.

At Fatehpur Sikri we saw another of these red forts that Shah Jahan had erected, within which was a little temple enclosing the shrine of the saint who had promised him a male heir—and more than carried out the promise when, within the normal period of time, there were two male heirs born to the same favoured queen. This prompted Shah Jahan to erect a fort there—in which he did not reside very long because, I am told, the climatic conditions and the conditions of the water were not conducive to long life.

From there we returned to Delhi. I had been honoured at Peshawar with an honorary degree, and again received a similar honorary degree at Delhi. I found there was a generosity in the East in respect of this function that I had not experienced in the West. I brought back with me two gorgeous red robes that were presented to me as the accompaniment of the degree of doctor of laws that was awarded to me by these ancient seats of learning.

At Bombay we stayed with Governor Sir Girja Bajpai who is well known to many of us who have attended meetings of the international assemblies, and was also greeted by the chief ministers and charged by them, as I had been on other occasions, with the best wishes and greetings to our houses of parliament. I was privileged to attend a meeting of the assembly of the people in the parliament at New Delhi and to hear Mr. Nehru make a speech, of the tour d'horizon type, on external affairs. And it was quite impressive to me to find there in the East exactly the same atmosphere we have here in our House of Commons accompanying their introduction of the democratic processes which have been found so advantageous in the conduct of public affairs of free men and women.

From India we went to Ceylon, and were the guests of the government of Ceylon at Temple Trees in Colombo and of the Governor General, Lord Soulbury, at the King's Pavilion in Kandy. We were also entertained by Sir John Kotalawala, Prime Minister. We met Sir Oliver Goonetilleke, the Minister of Finance, who, as happens in many countries has, apparently, the right of veto on any proposals that come from any of his other colleagues and who, I am told, is keeping the finances of his country on the kind of footing that had been agreed in London a year ago, and that was confirmed at the recent meeting in Sydney.

I will not mention the monuments that have come down from ancient history connected

with Ceylon. But we were taken to the Temple of the Tooth at Kandy. We did not see the tooth but we saw all kinds of treasures that have been placed there by kings and grandees as their tribute to this shrine, which is of such importance to those of the Buddhist faith in the whole of the East.

I went to the home of the late prime minister, D. S. Senanayake and deposited a wreath on his tomb there. We were received for tea in their home—and that is something that is not generally accorded to visitors. I think it was a tribute to the genuine and sincere friendship for and confidence in Canadian visitors. What struck me at Kandy was the tremendous progress that is being made under Sir Ivor Jennings, Vice Chancellor of the University of Ceylon, in transferring the campus from Colombo to Kandy. They have a beautiful setting there. Hon. members will know that Sir Ivor Jennings was for a year or two connected with the University of British Columbia; and I am not sure that in selecting this site for the new campus he had not remembered the physical situation of the University of British Columbia.

He is one who does not seem to be too fearful of the restrictions of the minister of finance because, just the day after we were there, I saw a report that the university council wanted some 20 million rupees more than had already been provided for the work that was going on. Many resident quarters have already been provided. Their main administration building is there. I was told that about one-third of the faculties had already moved up to Kandy from Colombo. They do not feel that it will be very long before they will have the whole university provided for up there. It will be a university to take care normally of some 2,000 students. Alongside of it is Trinity College, which is attended by five hundred or six hundred bright young men, teenagers, whom it was my privilege to see and to whom it was my privilege to say that we looked upon them and their generation for the implementation of this universal desire for peace and good will throughout the world.

From Colombo we went to Indonesia and were greeted by President Soekarno and were received at his home. That is another of those magnificent palaces provided under the former regime and now being used under the independent government of the people themselves. Prime Minister Sastroamidjojo was also very kind to us. Hon. members will recall that he was the first ambassador of Indonesia accredited to Canada while he was still ambassador at Washington and was here not long ago in his capacity as accredited ambassador of his country to Canada. The president has never visited this hemisphere. I think he is looking forward to doing so, and from my conversations with him I know he is keenly interested in what goes on here. He had heard about the oil fields in Alberta; he had heard about the work of the Aluminum Company at Kitimat; he had heard about the iron ore in northeastern Quebec and Labrador and also of the St. Lawrence seaway project, and inquired about the details of those projects, as did others in several other countries. I was quite surprised at the fact that there was quite a lot of accurate information about the development that is going on here, and which they found so astounding and so encouraging. I got the impression that these people welcomed the development of this new Canadian nation as an element that was going to be of benefit to the whole world in its intercourse in the family of nations.

I got the impression that they felt that this is a new country that is developing and one that requires good relations with the whole world, and that its growth and strength will be an element of stability that will be helpful to us all. It was heart-warming to find these ancient civilizations of the East did feel that this country in its development was taking on increasing importance in world affairs, and that its influence was always apt to be helpful for stability and peace.

In Manila the president, Magsaysay, was also very cordial, as one would expect, and there one did get the feeling that the influence of North American ways had produced greater effects than it had in any of the countries we had previously visited. The president was most cordial. A couple of days before he had a bout of toothache and had two teeth removed. He seemed to be most cheerful and relaxed. Some of his friends told me they had hardly ever heard him make so delightful a speech in such a light and friendly tone. I was quite surprised next morning when they told me that he was rushed back to the hospital as soon as we left to have some more teeth extracted. He certainly had been able to conceal his physical suffering, if there had been physical suffering, and there must have been, because one does not go back to a dentist in the middle of the night to get some teeth extracted unless there is something pretty painful about it.

We went from there to Korea, and I shall have another opportunity of expressing views about the situation in that country. The morale of all our men is splendid. I was very happy to find that since the actual fighting has ceased they have been able to overcome by their own efforts many of the inconvenient features that interfered with their physical comfort in the surroundings in which they

find themselves. But there again, one has the vivid impression that it is the human touch of the officers that contributes largely to this family spirit that you feel between the men and the officers, and this conviction of each and every one of them that he is a Canadian doing a Canadian job for himself and for his fellow Canadians in this participation in the joint effort to prove aggression to be unprofitable.

I accepted there the hospitality of General Taylor, the commander of the Eighth Army, for whom our men have, I think, quite as high a regard as they have for their own officers. They told me that he treats all under his command on exactly the same footing, and that there is no difference whatsoever in his regard for those who belong to the Eighth United States army and those who belong to the other units of the United Nations who are co-operating with that army. I went up to see the demilitarized zone, and saw on our side an impregnable defence line, and I was told that what was being done on the other side was just about the same. Their intelligence is that on neither side are there any evidences of preparations for offensives being made, but that on both sides they are very strongly entrenching their existing lines. I hope there may not be any resumption of offensive on either side, because that would appear to be something that would necessarily prove to be very costly because of the condition in which those defensive lines have been put during the armistice period.

From there I flew back to Seoul in a helicopter with an open door and perhaps about a hundred feet from the various levels of the surface. It is a terrible country in so far as terrain is concerned, and one cannot see why any one of those hills that were the scene of such bloody battles was of sufficient importance to justify the kind of fights that were made for their possession. They are all the same, but the line has to be held somewhere. This one has no particular strategic importance, but the one behind it has no greater strategic importance. They are all like that, back to the capital city of Seoul. Therefore one appreciates that if there was to be a demonstration of the futility of aggression it had to be made with firmness and it had to be made in that very difficult terrain.

We had dinner with President Rhee, who is not too firmly convinced that the state department is always right; but I did not get the impression that he was going to do very much about it.

In Japan we got the same friendly greeting and the same friendly care. I was really touched. I have no doubt, of course, it had been organized, but there were thousands of youngsters from perhaps five to 15 years of age lining the streets with Canadian and Japanese paper flags, waving them and grinning all over their features, showing every demonstration that it was for them a joyful occasion. Perhaps that was because of the fact that it was during school hours. Nevertheless I had the impression that these thousands of youngsters were being made aware that there was a country called Canada, and that they were there to see the representative of that country. I believe it will help in their geography lessons, and it will probably keep them conscious of the fact that there is such a country and that that country wants to be their friend, and wants them to be our friends.

The same cordiality was manifested by His Majesty the Emperor and by the Empress. I had been brought up to believe that they were of another species than just ordinary mankind, but there could not have been a more intimate family atmosphere than that provided at this informal luncheon. I say the luncheon was informal, but the preparation were quite formal. I had the Emperor's carriage provided for me. It was the second time it had been used since the war. The first time was for the vice-president of the United States, though probably it had been used on some other occasions. I understand the carriage is provided for an ambassador when he goes to present his credentials. But the imperial carriage and the whole cavalcade passed through the streets in weather conditions reminiscent of the coronation parade in London last June. But it was a very intimate, human reception we were given by Their Majesties in the palace. Prime Minister Yoshida and members of his cabinet, with whom I chatted, said in so many words that their military men had entered upon a terrible undertaking in 1941 with the expectation of making gains, but that the Japanese people had realized that no gains had been made, and that it was not likely in this age, and with the present methods of warfare, that war could mean any gains for anyone in the future. I got the impression that they were sincere in their views and that they did not want or expect to see their country at war again.

I had the privilege there of meeting the men on our destroyers *Haida, Cayuga* and *Crusader,* and there again I found the same high morale, and the same feeling among those to whom I spoke, that they were Canadians carrying out Canada's share and doing their part in a job which Canada and many

other nations feel should be done in the interests of stability and peace in the world, and that they were proud of the fact that they were doing it well. This high morale of our men in Korea is due in large measure to the success which has attended the operations of our rotation scheme. They know they are there for a set period and so far there has been no breakdown in the rotating of these men, and they do not expect that there will be any breakdown. They know what they are up against, for what period they are up against it, and when they may expect to come home. When they do they can, if they so wish, re-enlist for another tour of duty. The fact that there is this precision, and that it is not only paper precision, but actual working precision in the terms of their duty there, has much to do with the spirit in which they accept the discomforts. It is not all the pleasant feature which I witnessed in the sounding of the retreat by one of these battalions when they were going through their ceremonies of lowering the flag at eventide. They know what they have to do and they are satisfied they are doing a good job, and doing it well.

At Honolulu we were also very graciously received and I was taken around by Admiral Stump on his boat to tour Pearl Harbor and have pointed out to me what happened on the morning of December 7, 1941, how it happened, and why it is that there are still the remains of no less than 1,000 American seamen in the Arizona on whose deck we were and where it was my privilege on behalf of all of us to deposit a wreath.

We then visited the aircraft carrier *Boxer* and were shown what a modern aircraft is and what it can do if ever it requires to be done. I believe all those men are prepared, and feel as we do that that state of preparedness and readiness may be sufficient to avoid the necessity of ever having to bring these planes into action.

It was with perhaps some increased confidence, that that state of preparedness and the high morale of our friends all over the world will bring about that happy condition, that I come back to my duties in this house and invite you, Mr. Speaker, and my colleagues not to complacency, but to a feeling that what is being done at the present time is of sufficient value to make it worth while to continue doing it.

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, with all other hon. members of the house today I join in welcoming the Prime Minister (Mr. St. Laurent) back in such obvious good health after his extended and very important trip.

I had the privilege of meeting him at the airport last evening on his return, and I must say that his colour and appearance of constant sunshine seemed even more in contrast with the cold breezes at the Rockcliffe airport last night than it does here in the chamber this afternoon.

The Prime Minister left with the assurance that he represented all Canadians in conveying a message of good will to the people of those countries he was about to visit. It was in that spirit that he left, and it is in that spirit that we welcome him back here today.

All of us were interested that he perhaps paid great attention to the advice which Sir Winston Churchill gave him in the early stages of his trip. In fact, the Prime Minister looks so well that some of us might reasonably wonder if the senior prime minister of the commonwealth might not have imparted to him some further advice on how to keep the kind of health that we would all like to enjoy.

The Prime Minister has expressed his belief that some useful purpose would be served by the presence amongst the people, and particularly the children of other lands, of one whom they recognized as a Canadian. I think every one of us will heartily agree with what he has said in that respect. Undoubtedly at this time expressions of good will, manifestations of friendship, and the indication of a real and continuing interest in the welfare of other nations within the free world and beyond, are things that form an important part in the building of that better understanding which is the very cement of the structure of a strong, united and free society throughout the world.

I have no doubt whatever that the very fact that the Japanese school children and other school children were doubtless given a holiday or a half holiday on that occasion will remind them for many long years that, on a particular day in their youth, they had the opportunity to see and to pay their respects to a representative from Canada.

It was in the belief that Canada would be represented in that way that we all extended our good will at the time of the departure of the Prime Minister. The advantage of these contacts cannot be overestimated. Certainly to deal with human beings as individuals with whom some intimacy has already been established greatly facilitates those formal exchanges that are such an essential part of the business of every country today. We have heard a review of an extended trip such as no predecessor of the Prime Minister has had the

opportunity to take and in a time which, only a few years ago, would have seemed utterly impossible. I think many of us—perhaps not the younger members of parliament—will recall the excitement with which in our youth we read Jules Verne's "Around the World in Ninety Days". That was a fantastic dream in those days.

An hon. Member: "Around the World in Eighty Days".

Mr. Drew: Mr. Speaker, I am corrected. I am told that it was eighty days. We will reduce it by ten to be conservative. In those days that was a fantastic picture of speedy travel. Nowadays, with modern aircraft, these contacts can be made so much more quickly. We all know that the speed of aircraft is constantly increasing. As that speed increases, undoubtedly useful purposes will be served by extending even more contacts of a similar nature in the years ahead. We have heard the Prime Minister review the scenes which have passed before his eyes. I have no doubt he might echo the words of Tennyson that we all remember:

I am a part of all that I have met;
Yet all experience is an arch wherethro'
Gleams that untravell'd world whose margin fades
For ever and for ever when I move.

This world indeed is becoming a better-known world. Trips like this help to make that fact a reality. As the Prime Minister has indicated, a later occasion will be accorded to deal with certain details of the trip and to discuss certain political aspects —and I use the term in the broadest sense— of the visit he has made. Today our purpose is simply to welcome him home; and we do that with a whole heart.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, there is little that I can do but echo the words so well spoken by the Leader of the Opposition (Mr. Drew). When the Prime Minister left we all realized that we were sending abroad one who, in himself, represented to a remarkable degree the culture of the two major nations which have built up this country that we call Canada. That he has done that ably and well, we know. We felt before he left that he would do so.

This afternoon we enjoyed a travel with him around the world. He has come back to us with a knowledge of people of different countries, of different climates and of different cultures which is not accorded to any of the rest of us. In his leadership of Canada in the next few years I am quite sure that he will be able to make a still greater contribution to bringing about a better understanding between ourselves and other people like us and those great peoples of the Orient with their ancient ways and cultures.

I was happy to know that a holiday was given to the school children in Tokyo. I was interested to know that they had waved the Japanese flag and the Canadian flag. I wondered just what Canadian flag they were waving as he passed through the streets of Tokyo. However, we will let that matter pass. Perhaps we shall be able to inquire into it on an occasion when we discuss some other features of the trip that one does not intend to refer to this afternoon.

I want to join with everyone else in the house in welcoming the Prime Minister back. I know I speak for all my colleagues. In fact, I know I speak for everyone in the house because already the Leader of the Opposition (Mr. Drew) has spoken in the same strain. We welcome the Prime Minister back. We are glad that he looks so fit. We know that he has played an important part in bringing about a better understanding not only between Canada and the peoples of the Far East but between occidentals and orientals wherever they may be.

Mr. Solon E. Low (Peace River): Mr. Speaker, may I hasten to say at the outset that I join with the other members of the house in extending to the Prime Minister (Mr. St. Laurent) a very hearty welcome on his return to this house and to say how pleased we are that he comes back looking so well. I know something of the rigours of the kind of travel he has been doing during these past several weeks. It was a difficult regimen under which he had to operate. I am sure we are glad to see him back in as good a state of health as he is now.

We followed each day the reports that were carried by the Canadian Broadcasting Corporation of the journey which the Prime Minister took. During the first week or ten days after he left we found that the C.B.C. shared the spotlight between the Prime Minister's journey and that of the Queen and her royal consort down in New Zealand and Australia. But during the past two or three weeks I think that the Prime Minister and his progress pushed Her Majesty somewhat into the background so far as the reports of the C.B.C. were concerned.

Japanese friends in Tokyo sent me a sheaf of clippings telling of the Prime Minister's visit to Japan. I was very glad to see the enthusiasm with which his visit was received. On an occasion of this kind one is tempted to speak too long, but there were some heartening things in what the Prime Minister said this afternoon that I just cannot resist commenting on briefly. One of them was the

assurance that today it is felt that France is being run by Normans. Let me hasten to say that I too would think that country is in no serious danger as long as it is run by Normans. They tell me that there is only one thing harder than the head of a Norman and that is stone, so we have some hard-headed men in control of things in that country. That is what they need. I am told that these people trace their lineage back to the light-bearers of the tribe of Benjamin. I was glad to hear what the Prime Minister had to say about that country.

I was also very happy with his reference to the influence of the mother of parliaments in the countries of the East. I could not help thinking, while he was mentioning his visit to the people's parliament in New Delhi, what a wonderful contribution Great Britain has made in the matter of parliamentary government and how she has sown the seeds of that great institution over much of the world. That is a heartening thing.

It was heartening to me also that the Prime Minister should give us the assurance both in press interviews and here today that he feels there is a good chance that this old world can escape a global war for at least, as I think he said in one press interview, the length of his lifetime. I am of the opinion that the journey he has taken must have contributed somewhat to that understanding which will make it possible for us to enjoy a period of peace. I was glad to hear him finish his remarks today with the statement that he came back convinced that the state of preparedness in which we and our friends have got ourselves is of sufficient value to keep on doing it. I think that is right. I do not wish to take any more time now except to say once more that while some people may refer to the journey that the Prime Minister took as a pleasure-seeking junket I do not think that is right at all. I am convinced that he has been able to do immeasurable good as a consequence of the arduous journey which he took around the world.

Mr. McIvor: On a question of privilege—

Mr. J. H. Ferguson (Simcoe North): Mr. Speaker, I wish to speak as a Canadian. I think the Prime Minister's (Mr. St. Laurent) tour around the world was a most historic event.

Mr. Speaker: Although I hesitate very much to do so on this occasion, may I tell the hon. member that there is a ruling to the effect that on motions following a statement by a minister only one representative of each of the three opposition parties shall speak. I understand that this is a different occasion but I should like to say that if I allow the hon. member to speak I will have to allow all hon. members. I should like hon. members to be reasonable because we must carry on with our business.

Mr. Ferguson: Thank you, Mr. Speaker. I believe the Prime Minister's tour has been one of the most historic events that we in Canada have ever seen. It is one of the finest things in which we have ever participated. We Canadians are at times too prone to believe that there are very few countries the equal of Canada. Quite possibly that is because of the great country in which we live and the tremendous opportunities all Canadians have. But irrespective of who the man may be and the position he may occupy in the dominion, he cannot really visualize the things he needs to know about countries with which we are now coming in contact almost daily unless he takes a trip similar to that of the Prime Minister.

I am sure that the government will agree with me when I say that in order for both sides of the House of Commons to get a true picture—and I suggest this without introducing any political feeling—the Leader of the Opposition (Mr. Drew) should be afforded the same opportunity so that he could see with his own eyes the things he should see to be able to be the leader of Her Majesty's loyal opposition with full knowledge and so that he might be able to speak intelligently on matters pertaining to the welfare of Canada and the world. I say that with all sincerity, and I believe if the question were put to a vote the house would agree that it is a sensible and sane suggestion from the point of view of better government and the general betterment of Canada and the countries with which we associate.

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON TUESDAY, APRIL 6

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I desire to announce that it is my present intention to bring down my budget on Tuesday, April 6, at the usual hour of eight o'clock.

QUESTIONS

HEALTH PROGRAM—PSYCHIATRIC PATIENTS

Mr. Boisvert:

1. How many beds have been provided for the care of psychiatric patients since the national health program started?
2. For what types of institutions were these beds provided?

Mr. Robertson:

1. 11,909.

2. Mental hospitals, 5,210; Mental defective institutions, 6,226; General hospitals, 473.

COLWOOD NAVAL MAGAZINE, B.C.

Mr. Pearkes:

1. How many civilians were employed at the Colwood naval magazine, British Columbia, during the fiscal year ending March 31, 1953?
2. What is the total amount in salaries paid to the civil servants employed at this magazine during the above period?
3. What was the total sum paid in wages for prevailing rate employees, during the year ending March 31, 1953?
4. What were the total expenses incurred in operating this magazine, during the fiscal year ending March 31, 1953?

Mr. Blanchette:

1. 123, not including corps of commissionaires.

2. $159,887.69.

3. $230,810.56.

4. $470,460.51, which includes salaries and wages and payments for services of corps of commissionaires.

INDIANS AND ESKIMOS—MEDICAL EXAMINATIONS

Mr. Mang:

What proportion of Indians and Eskimos receive a medical examination and X-ray each year?

Mr. Robertson:

Case finding is an unremitting activity which takes place every time an Indian or an Eskimo requires medical attention. Each time a patient is admitted to a departmental establishment he is given a medical and X-ray examination. This applies as well to most non-departmental hospitals in which Indians or Eskimos are cared for.

In addition to this routine procedure 15 or 16 survey parties annually survey areas which are not sufficiently close to departmental hospitals to have constant adequate medical coverage. These surveys are arranged so that they take place at a time when they will be most effective and will reach the greatest number, e.g.—in conjunction with annual official treaty visits or with the annual eastern Arctic patrol.

As a result between 50 per cent and 60 per cent of all eligible Indians and Eskimos are seen each year. The coverage would be greater if it were not for the nomadic nature and unavoidable absence of some natives from any type of survey.

[Mr. Boisvert.]

FAMILY ALLOWANCES—SUSPENSIONS

Mr. Brown (Brantford):

1. Since April 1, 1953 to date, in how many cases were family allowances payments suspended because of improper absence from school on the part of the children?
2. Since April 1, 1953 to date, in how many cases were family allowances payments reinstated on account of the children involved having resumed attendance at school?

Mr. Robertson:

1. From April 1, 1953 to January 31, 1954, family allowances payments were suspended for one or more months in respect of 7,066 children because they did not attend school as required by law.

2. From April 1, 1953 to January 31, 1954, payment of family allowances was reinstated on behalf of 4,538 children who resumed attendance at school.

FAMILY ALLOWANCES—CHANGE OF ADDRESS

Mr. Brown (Brantford):

Is there any loss of family allowances when a beneficiary fails to report a change of address within a prescribed period of time?

Mr. Robertson:

Under the family allowances regulations, a beneficiary is required to report a change of address to the regional director within 90 days from the date on which the child moved to a new address. If she fails to report the change of address within this time, payment of family allowances ceases the month following that in which the move took place and may only be resumed the month following that in which the new address is reported.

EX-MEMBERS OF PARLIAMENT HOLDING POSITIONS UNDER FEDERAL JURISDICTION

Mr. Knowles:

1. How many ex-members of parliament are now in federal government positions, or in positions in connection with any courts, diplomatic missions, boards, commissions or agencies, the appointments to which come under the jurisdiction of the federal government or under the crown in right of Canada?
2. Who are such persons, what position does each one hold, what is his salary, and on what date was he appointed?
3. How many former members of the House of Commons have been summoned to the Senate since October 14, 1935?
4. What are the names of all such?
5. How many of these are still members of the Senate?
6. What are their names and on what date was each summoned?

Mr. Pickersgill:

1. The government keeps no record of whether persons appointed to the positions outlined in this question are ex-members of

parliament and therefore there is no practicable method of preparing a list from official records unless every individual position was scrutinized.

2. Answered by No. 1.

3, 4, 5 and 6. No official list is kept which would indicate whether persons appointed to the Senate were former members of the House of Commons but a full list of senators appointed since October 14, 1935 could be supplied and it would no doubt be a relatively simple matter to ascertain from unofficial records open to all members of parliament which of these persons had been members of the House of Commons.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRAIRIE FARM ASSISTANCE, DAUPHIN—EMPLOYEES

Mr. Zaplitny:

1. Did the work of inspecting farms and obtaining information for the purposes of the Prairie Farm Assistance Act in the federal constituency of Dauphin require the services of temporary or part-time employees in 1953?

2. If so, what is the name and address of each such person?

3. What remuneration has been paid, or is payable to each?

4. By whom were these employees appointed?

INTERNATIONAL WHEAT AGREEMENT—SALES

Mr. McCullough (Moose Mountain):

What quantities of wheat were sold by each signatory nation of the international wheat agreement, during the years 1950 to 1954, and who were the purchasers in each case?

Mr. Dickey: Return tabled.

TORONTO MEAT PACKERS

Mr. Hodgson:

1. Have any Toronto meat packing firms had their branding privileges suspended by the federal Department of Agriculture? If so, what are their names?

2. What are the names of the inspectors who inspect such firms' beef?

3. Are they employed by the federal Department of Agriculture?

4. What is the section of the act providing for such breach of the act?

5. What penalty was imposed?

6. Have their licences been cancelled?

7. Have these firms been allowed to resume their operations?

8. If so, for what reason?

9. What was the price of beef at the time of the suspension of the said Toronto firms (a) for red brand beef; (b) for blue brand beef; (c) for cows' hinds?

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM—PROVISION FOR EMPLOYEES

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Minister of Transport whether any arrangements are being made by the government with Canadian National Telegraphs to absorb the employees of the government telegraph and telephone service in British Columbia, on terms which will have definite regard to their seniority and superannuation rights in their present service?

Hon. Lionel Chevrier (Minister of Transport): I have not received notice of this question. I can say, as I have already indicated, that when the facilities of the government were sold to the British Columbia Telephone Company and the Canadian National Telegraphs, there was an understanding that, subject to the employment requirements of the two private companies, it was the intention of both companies to go as far as they could in retaining the employees of the government telegraph and telephone service.

While I know that does not answer fully the question my hon. friend asked, that is as far as I can go at this time. If I can get on with my estimates I shall be able to discuss the whole matter prior to April 1.

HOUSE OF COMMONS

EASTER RECESS—PROVISION FOR TRANSPORTATION OF MEMBERS BY AIR

On the orders of the day:

Mr. J. L. MacDougall (Vancouver-Burrard): May I direct a question to the Prime Minister in connection with the Easter holiday. It is my understanding, either rightly or wrongly, that the appropriation available for members to travel by air will expire as of March 31. Is there or is there not to be provision, when Easter falls in the month of April, to rectify that situation?

Right Hon. L. S. St. Laurent (Prime Minister): I shall have to have the matter looked into. It would not be the intention of the government to impose any hardship on members as a result of this Easter adjournment. I shall have to have the matter looked into carefully to see if anything special has to be done in that regard.

DUMPING

ONIONS—REQUEST FOR PROTECTION OF MARKET

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): In view of the very great danger to the vegetable growers market from the large surplus

of onions this year, will the Minister of National Revenue say what action the government will take to protect that market? I believe that a tariff of one cent per pound will be removed following March 31, and in view of the fact we have about 60 per cent more onions still unsold or enough to take care of the Canadian market well into May, has the government given any consideration to a measure that might prevent dumping of the large United States surplus?

Hon. J. J. McCann (Minister of National Revenue): That is a question of which I have not received any notice. I shall have to look into the matter. I think the hon. member knows that there is a seasonal tariff that comes into effect about the time our own produce comes on the market. However, I think his question has to do more with the selling, or what he calls dumping, of what might be a surplus supply in the United States. I shall look into the matter.

Mr. Rowe: Supplementary to that, probably it is unfair to expect the minister to answer today, and I appreciate his saying he will give the matter consideration, but in view of the extraordinarily large amount of onions still unsold, will the minister give consideration to some measures to protect the vegetable growers? I think we have over 60 per cent more than we had this time last year.

Mr. Rodney Adamson (York West): When the minister is investigating that, will he also investigate celery, because the same situation holds true in connection with that item.

INQUIRY FOR RETURN

HAROLD C. BANKS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): May I ask the Minister of Citizenship and Immigration if he can now tell me anything further as to the date on which I might expect the answer to my question about Mr. Banks?

Hon. J. W. Pickersgill (Secretary of State): I hope that return will be ready for the hon. member tomorrow.

EXTERNAL AFFAIRS

SENATOR MCCARTHY—REPRESENTATIONS TO UNITED STATES GOVERNMENT ON PROPOSED VISIT

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I had proposed to direct this question to the Secretary of State for External Affairs who was here earlier this afternoon, but since he is not here now I shall direct it to the Prime Minister in a slightly different form. Will the Prime Minister consider the advisability of indicating to the appropriate representatives of the government of the United States how unfortunate it would be if a man holding an official appointment under the congress of the United States came here to discuss United States political affairs, as it is proposed Senator McCarthy will on April 20?

Right Hon. L. S. St. Laurent (Prime Minister): I shall bring the question to the attention of my colleague, the Secretary of State for External Affairs, and have the matter looked into.

COMBINES INVESTIGATION ACT

LOSS LEADERS—INQUIRY AS TO TABLING OF REPORT

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I ask the Minister of Justice whether he will table in the house the report on loss leader practices which we are informed Mr. T. D. MacDonald has lately made?

Hon. Stuart S. Garson (Minister of Justice): As that report has already gone to the restrictive trade practices commission, I believe a much preferable course would be to have it disposed of there on its merits with an opportunity to those affected by it to make representations. Then the final report of the restricted trade practices commission could be tabled here.

VANCOUVER—INQUIRY AS TO PROSECUTION OF ALLEGED COMBINE IN GASOLINE

On the orders of the day:

Mr. Angus MacInnis (Vancouver-Kingsway): May I ask the Minister of Justice if the government has made any decision yet in regard to the prosecution of the gas and oil companies in Vancouver arising out of the commissioner's report?

Hon. Stuart S. Garson (Minister of Justice): In reply to my hon. friend's question, Mr. Speaker, may I say that we have not reached an opinion on that. We have not any advice from counsel as yet.

NATURAL GAS AND PETROLEUM

INQUIRY AS TO DEVELOPMENT OF MARKETS

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Inasmuch as the Minister of Trade and Commerce has now returned from Washington, is he in

a position today to answer more specifically the question I raised in this house on Monday, March 15, relative to joint Canadian-United States co-operation in regard to the development of markets for Canadian petroleum, natural gas and by-products?

Right Hon. C. D. Howe (Minister of Trade and Commerce): There has always been a desire between the two countries mentioned to co-operate. I visited Washington and called on Mr. Kuykendall, the chairman of the federal power commission. At his invitation I also met his colleagues. We talked over mutual problems, and I think it would be his feeling, as it is mine, that we do co-operate on matters affecting our two countries.

RAILWAYS AND SHIPPING

ESTABLISHMENT OF COMMITTEE ON RAILWAYS AND SHIPPING OWNED, OPERATED AND CONTROLLED BY THE GOVERNMENT

Hon. Lionel Chevrier (Minister of Transport) moved:

That a sessional committee on railways and shipping owned, operated and controlled by the government, be appointed to consider the accounts and estimates and bills relating thereto of the Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, saving always the powers of the committee of supply in relation to the voting of public moneys; and that the said committee be empowered to send for persons, papers, and records and to report from time to time and that notwithstanding standing order 65, in relation to the limitation of the number of members, the said committee consists of Messrs: Benidickson, Carter, Cavers, Churchill, Conacher, Dumas, Fairey, Follwell, Fraser (Peterborough), Fulton, Gillis, Hahn, Hanna, Harrison, Healy, James, Knight, Langlois (Gaspe), Macdonnell (Greenwood), MacLean, McCulloch (Pictou), Murphy (Westmorland), Pouliot, Shaw, Villeneuve, Weaver.

He said: It has been my practice in connection with the establishment of this committee to make a very short statement, and then if there is any purpose or opportunity, to leave further remarks until a later stage in the debate. All I wish to say now is that this is the usual annual motion that is placed on the order paper for the purpose of establishing a committee on railways and shipping owned, operated and controlled by the government. To this committee are submitted the annual reports of Canadian National Railways, the Canadian National (West Indies) Steamships, and Trans-Canada Air Lines, and any other matters in connection therewith, upon which the committee seeks to obtain information.

While I am on that point, I should like to say it is this committee that discusses many of the questions which arise from time to time during debates in this house, and particularly it is where the position of the Canadian National Railways may be explained in regard to making public certain information which for competitive reasons it is not advisable to give. It is to the witnesses of this committee who will be here that inquiries could be addressed. I am sure that the same kind of answers will be given by the witnesses there, with the reasons therefor, as are given in the house. I want to add this, too, that the annual report of the Canadian National Railways was just handed to me before I came down to the house. I am hopeful of being able to table it on Monday, so that members may have copies of it in their boxes. There is a small profit again this year of somewhere in the neighbourhood of $250,000 —I believe it is $244,000. This is the second year since the recapitalization of the Canadian National Railways in which there has been a small profit. And it is, too, a fact that the budget which the officers of the railways will bring down for discussion will be, at least in my estimation, an optimistic one for the year 1954.

The officers of the Canadian National Railways will hold themselves in readiness to submit to questioning before the committee, and it is my hope that it will be possible to bring the officers here during the last week of the month of March. I believe, Mr. Speaker, that is all I have to say at this stage.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, in one way it may seem that, really, there is nothing to be said at all, except to follow along with the minister in agreeing with this resolution which sets up a committee to consider the report. In one way it may seem that it is not worth adding anything to at this time.

But there are a few things I would like to bring to the attention of the house, because of what I think is the very great importance of this committee, and, I will add, the very great difficulty of feeling at the end of this work that one has really done all that the House of Commons expects one to do.

The president of the railways, at the hearing last year, referred at one point to railway accounts being a "statistician's dream"—by which I took him to mean that they were accounts so complicated that only a statistician could really feel that he had got to the bottom of them. In any event I invite the house to consider the great importance of the work done by the committee, by reason of the great magnitude of the operations carried on by the Canadian National Railways, and now to an increasing extent by Trans-Canada Air Lines.

The gross earnings of the Canadian National Railways, according to the last report I read, were well over $600 million and the earnings of Trans-Canada Air Lines not very far below $100 million. So that we have very great enterprises to consider. And when we bear in mind further that in the committee we are always asked—and I think rightly so—to recommend further heavy capital expenditures, it almost makes one dizzy at times to think of the amounts which have been recommended by the committee from time to time—recommended on the basis of careful reports given to us, and questions freely answered. Nothing could be said by way of criticism of that.

There was only one place last year where I was disappointed we did not get figures asked for and that was when we asked for comparative figures in respect of the Canadian Pacific Railway. I mention this because I hope the minister will make a special effort to see that we are given those figures this year.

There also occurs to my mind a question which I believe is often in the minds of members in the opposition. We work, doing our best, without any research staff—or virtually no research staff. It so happens that some of us who will serve on this committee are also serving on the banking and commerce committee, as well as on one or two others and, without the services of a research staff, it is difficult for one to feel that he is making the contribution he would like to make. One does his best, but he inevitably goes into a committee feeling that he is not prepared as he should be.

I want to stress again the responsibility this committee assumes; because at the end of our two days—usually it is only two days—we are asked to assume the responsibility for recommending large sums by way of further expenditures, further investments of the public money, on behalf of the Canadian National Railways—which already has a very large investment.

As I have already implied, I do not think those of us in the committee should represent to the House of Commons that in those two days we can do what we would like to do. If it were possible in some way to provide us with something in the nature of a staff to explore the figures and to answer some of the technical questions we would like to have answered, I believe a better job could be done.

I was interested to hear what the minister said about the likelihood of better figures for the year 1953, because until he had said that I had felt that the railways, like many people, were perhaps having a rather difficult time. Carloadings do not show a very glowing picture at the moment. I have the figures for the last six months of 1952 and the last six months of 1953. The figure for the six months in 1952 is 1,407,000 cars while in 1953 it was 1,329,000.

Perhaps even more significant are the figures for the first two months of this year as compared with the first two months of 1953. The carloadings for January 1953 were 209,891, while in 1954 they were only 179,290. For February 1953 the figure was 190,719 and for 1954 it was 185,000.

In answering a question concerning the unfortunate shrinkage in staff, when we were discussing unemployment, the minister on February 11 had this to say:

> I can say at this time that these lay-offs have been necessitated because of a decline in traffic—I speak now of course only for the Canadian National Railways—due to a number of factors, one of them being the decline in the traffic in the United States. There are a number of connections made by the Canadian National Railways at border points with United States railways, and the traffic coming in from there has declined substantially. There is also a substantial decline in other commodities in several parts of Canada having to do with coal and grain; and there is also the factor, I am sorry to say, of dieselization, which has added to the difficulties.

I should like to quote a word or two from Mr. Donald Gordon before the committee which met a year ago, when he was speaking to us about the earnings in 1952. He referred to the surplus of $142,000 and pointed out that if it had not been for the decreased interest charges there would have been a substantial deficit. He also referred to the divergent trend of costs and rate levels, and had this to say at page 15 of the report for last year:

> It is not surprising to find that the system ratio of operating expenses to operating revenue has worsened from 81·99 per cent in 1928 to 94·02 per cent in 1952. Indeed, were it not for a remarkable increase in efficiency of the railway machine, having regard to the higher traffic levels the financial results for 1952 would have been vastly different. The benefit of this over-all improvement in productivity amounts to many millions of dollars; all of this and more has been passed on to employees and the users of railway services. It is represented on the one hand by increased compensation, and on the other by the lowest average level of freight rates to be found in any country in the western world.

May I read at length what Mr. Gordon had to say about freight rates, at page 50. It was pointed out to him that freight rates had increased 98 per cent since 1928. But Mr. Gordon said:

> We are permitted to raise our rates to that extent of freight traffic. But the practical thing is this: There is a great deal of traffic on which we cannot raise the rates. We cannot raise them on the Crowsnest pass, and in connection with competitive traffic, and in regard to agreed charges, and things

of that kind. So, if you try to explain just what has come about, you get into what is called the effective increase, and the effective increase in Canada turned out to be about 68 per cent.

We can all sympathize with Mr. Gordon's difficulties and I shall have a word to say about that later, but when we are considering the scrutiny which is given to the railway operations, and when we consider—and certainly if you accept—what I said a little while ago about the difficulty of a committee stepping in and in two days feeling that it had mastered this thing, then you will agree with me when I say it is desirable from time to time that there should be an outside scrutiny such as we had some years ago in the Turgeon report. I want to read briefly from that because recommendations are made there which I think are very important and which should be brought to the attention of the house. First of all, I wish to bring to the attention of the house a recommendation made by the Turgeon commission in the following terms, as found at page 280 of their report:

All this leads to the question whether the policy of close co-ordination and central control to which parliament seemed inclined to commit itself in the Transport Act of 1938, should not be invoked once again with the view to its extension rather than to its restriction which has been the trend of more recent enactments. If this policy of 1938 can be revised and made effective it should properly have its beginning in the establishment of a strong control organism capable of taking the task in hand. Today there are three separate bodies, each charged with the control (a more or less extensive control in each case) of a part of Canada's transportation system. They are the board of transport commissioners, the air transport board and the Canadian maritime commission. It must be difficult, with this dispersion of control, to apply to all of Canada's transportation agencies like principles of regulation for the accomplishment of a common purpose, viz., that of enabling each agency to perform its service advantageously and properly as part of a national transportation structure. The tendency of a separate independent body is to formulate policy affecting transportation without regard to the relationship of the various agencies to each other. This anomaly should give way to the constitution of a central authority which will be able to take in hand the major task of co-ordinated control, having at its disposal all the benefits acquired from the experience of the separate bodies in recent years.

Another recommendation of the Turgeon commission which should be mentioned is found on page 218, where they speak about the simplification of accounting. They recommend—and I shall read very briefly here—

Mr. Chevrier: Uniformity.

Mr. Macdonnell: Uniformity. They recommend:

That the railway act be amended so that the board of transport commissioners shall:

(a) be empowered and directed to prescribe as soon as practicable a uniform classification and system of accounts and reports for rail items for the Canadian National and Canadian Pacific Railways. Such classification and system of accounts and reports to distinguish clearly between rail and non-rail items.

I shall not read the rest of it; the reference is there. My understanding with regard to that is that it has been relegated to an accountant in Montreal for report and the report has been made. One would hope that action can speedily be taken. It is now three and one-half years since the Turgeon report. Perhaps one cannot use Churchill's phrase, his routine phrase: "Action this day." We cannot expect that from the minister, but I would suggest that he might speed it up as far as he can.

Another recommendation of the Turgeon commission had to do with equalization of freight rates; and even those of us who do not know as much about the railway business as we should like to, realize what a terribly difficult, complicated and perplexing task that is. The Turgeon commission has a good deal to say about that, and, as I say, that has at least begun. I understand that the equalization rates have already been applied to first-class freight but only a beginning has been made on commodity rates. I can understand a good deal of difficulty in it in the midst of frequent applications for further rate increases, but three and one-half years is a long time. I hope that it can come along before too long.

Then, I want to say a little about the importance of the Canadian Pacific Railway as a yardstick. We talk about that a great deal and I do very sincerely say that even those of us who prefer that as much as possible in our country shall be done by private enterprise realize the background which brought about the formation of the Canadian National Railways. We have understood the difficulties that surrounded it in its discharge of its task, but we have always taken the position that it was a very fortunate matter that it had a competitor. We never would have been reconciled to its being a monopoly. Personally, I would be prepared to pay a substantial amount of taxes every year even if I felt a monopoly could save money, to avoid having a monopoly. I do not believe that but I would be prepared to pay a substantial amount of extra taxes every year if it were necessary to prevent such huge power getting into the hands of any body of men as to run all the railways of this country.

But I come back now to the usefulness of this yardstick. I feel that in the C.P.R. you have an organization which is acclaimed the world over as efficient, which has grown, developed and expanded in an orderly manner. It has had a much more fortunate progress to its present high position than the C.N.R. has, because after all the C.N.R. was originally a conglomeration of a good many

railways, and I suppose the day has not yet dawned when the president of the Canadian National Railways may not find some fine morning another railway is dumped in his lap.

Mr. Chevrier: Will the hon. member permit an observation? While he has been very fair so far in the remarks that he has made, may I remind him the matter which he is discussing now is before the Supreme Court of Canada. The judgment of the board of transport commissioners having to do with the rate fixed and the rate of return to the C.P.R., and therefore the Canadian Pacific Railway as a yardstick for freight rates, has been appealed by the Canadian Pacific Railway. The decision for leave to appeal is now before the Supreme Court of Canada. In view of that, I had hoped that the hon. member might have attained his point in discussing it so far as he has.

Mr. Macdonnell: I thank the minister for bringing that to my attention, but I think I have an answer, which is this. I was using the word "yardstick" in the broadest way merely as a means of comparison. I was not for the moment thinking of it as having a technical application. If you will allow me, Mr. Speaker, to use the illustration by saying very definitely that I am not using it in any narrow, technical or arithmetical sense, but I need not emphasize it very much further anyway. I would like to say that if we are going to take advantage of the comparison—perhaps that word will get away from the difficulty—we shall need to have full figures available, and I hope that Mr. Gordon and his very able assistants who come before the committee will see that this information is fully available this year.

There is another matter I wish to bring to the attention of the house. Once or twice in the committee I have raised the question of the composition of the directorate of the Canadian National Railways. Let me say quickly that it is not with the intention of speaking critically of any member of the board that I raise this issue. They are all men of high reputation and good standing in their communities, and the last thing in the world I would wish to do would be to raise any question about any of them. My point is that I think there ought to be a larger and more representative board. Having been a director myself in a small way I do not take directors too seriously and I know managements do not spend their time thinking about what the directors are going to say. Indeed, I have remembered for many years a story I heard about the general manager of a company who was asked what the shareholders and directors would think about something he was doing. He said, "Shareholders! Directors! Who do you think is running this company?"

But to speak seriously again, I do feel that in this case a larger and more representative board, more representative in the sense that it contains representation from more elements within the community, would be more suitable.

This is particularly important in view of the fact that the railways, I believe, may be facing problems of special difficulty, in spite of what the minister said this afternoon about a relatively favourable 1953 report. I shall suggest when the committee meets that the question of a larger board of directors whose experience can be made available could be a great asset. I would like to develop that for a moment. After all, the railways deal with every business in Canada, in every area of Canada, and I would suggest that the executive officers would welcome the widest and best informed advice they can get. I suggest again, Mr. Speaker, as I have done in the past, that the question of the extension of the board, so as to make it more widely representative, might again be considered.

There is little more I wish to say, Mr. Speaker. I repeat, as I did at the outset, that this committee has a most important task to perform. The amounts involved are very large, the service that the railways render is very important, the difficulties the railways are facing are not lessening, but increasing in many ways, and for that reason I am glad the committee is being appointed, and I hope we will be able to do useful work.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, we welcome this motion to set up once again this special committee on railways and shipping owned, operated and controlled by the government. We believe it is a good idea that our Canadian National Railways, our Trans-Canada Air Lines, and our West Indies Steamship Lines, should have the opportunity to appear before a committee representing the members of this house so that these members can ask questions and the officials of these companies can discuss what is our business with the representatives of the people of Canada.

I was glad the Minister of Transport (Mr. Chevrier) was able to give us some advance information with respect to the annual report of the Canadian National Railways, which he expects to table in a few days. I was particularly glad of the statement that again this year that report will show a slight margin of profit. This gives one the opportunity to say once again that we are pleased that parliament was given the opportunity a year or two ago to deal with a bill regarding

the capitalization of the Canadian National Railways so that that capitalization might be put on a more realistic basis than was the case for a good many years.

However, Mr. Speaker, as the Minister of Transport well knows, there is another aspect concerning the affairs of the Canadian National Railways with which I am not so well pleased. I refer to the fact that nothing has yet been done regarding the position of a great number of retired employees of the Canadian National Railways.

Let me say before I go any further that I am fully aware of the change that was made in respect to the C.N.R. pension plan effective January 1, 1952. I am aware of the fact that the results of that change were in the main twofold. The potential pension position of employees still in the service was improved by the change in the plan. It is also true that quite a large number of retired employees of the Canadian National Railways, men who were already on pension prior to January 1, 1952, had their pension position improved. That is fine as far as it goes, but it still remains true that a very large number of retired employees of our own Canadian National Railways are being asked to get by on pensions which are ridiculously low.

The Minister of Transport yesterday answered some questions of mine which are hardy annuals. I wish the day would come when it would not be necessary for me to put these questions on the order paper, but it appears that that day has not yet arrived. Yesterday the minister gave me in detail, by placing them on *Hansard* at page 3072, figures showing the pension position of retired employees in the various brackets set out in my questions. On that score his answer, of course, was satisfactory as he gave me the information which I had requested. But in relation to another set of questions of mine which appeared on yesterday's order paper, numbering six in all, the minister chose to give his answer orally. It took him about 10 or 12 lines in *Hansard* to give that answer, but it amounted to one word. That word was "No", and it applied to all six questions.

I will not take up the time of the house in reading these questions. They can be found at pages 3070 and 3071 of *Hansard* for March 17, 1954. But I may say briefly that they were questions asking whether any further consideration had been given to the pension position of retired employees of the Canadian National Railways since the matter was last debated in the House of Commons on May 12, 1953. Specifically I asked whether consideration had been given to the plight of those people by the Canadian National Railways. I asked also whether the Canadian National Railways had made representations to the government on the point. Further, I asked whether the government had on its own initiative considered the matter. To all these questions the answer was "No".

As I look at the figures that were given to me yesterday and the figures that have been given to me in response to questions in previous years, I begin to wonder whether the government is sitting back hoping that the grim reaper will solve this problem so far as the government is concerned. One of the groups of people about whom I have been asking questions from year to year is that group of employees who are on pensions of less than $25 a month. There are not very many of them. I desire to make it clear that it is because of a plan that was in effect many years ago that there are some pensions that low. Nevertheless, there still are some of these retired employees of our government-owned Canadian National Railways whose pensions are less than $25 a month. In 1949 the Minister of Transport reported that number to me as 55. Two years later that number was reduced to 24. Two years later still, in 1953, it was reduced to 17. Yesterday the minister announced that the number had been reduced to 14. Unless some of those 14 are fairly hardy specimens, judging by the rate of decease over the last five years, it will be only a matter of another two or three years until that group will no longer be with us.

In addition to that group whose pensions are less than $25 a month, there are still a great many whose pension is only the basic $25 a month. In 1949 their number was 2,743; in 1951 their number had grown to 3,256. Since that time that number too has been dropping. It dropped to 3,206 in 1953, and yesterday the figure given in *Hansard* was 3,200. I think the reason that number is dropping may be, in part, because of the decease of persons on those pensions and in part because of the improvement made in the pension plan with respect to the change that came into effect on January 1, 1952. The fact that that plan improved the position means that in the course of time this problem will not be as great as it is now. But I suggest that it is most unfair and most inhuman for the government just to sit back and let time and the grim reaper take care of this problem. I suggest that it is the responsibility of the government to provide some supplemental allowance for these people.

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I am going to say something more about that matter. I think I have an additional argument this year, one which I have not had in former years and which I welcome strongly. Before I advance that argument, I should like to summarize these figures that I have been throwing out, by putting them on *Hansard* in tabular form. I am not asking for the consent of the house to put any figures on *Hansard* without reading them. I am going to read them, but I will read them in such a way that I think *Hansard* can record them in tabular form. The figures are as follows:

	Number of Persons on Pension			
Amount of pension	1949	1951	1953	1954
Less than $25 per month ..	55	24	17	14
$25 per month	2,743	3,256	3,206	3,200
$25.01 to $49.99 per month	5,870	6,008	5,832	5,087
Total number of persons on pensions of less than $50 per month	8,668	9,288	9,055	8,301

Sources: *Hansard*, March 28, 1949, page 2056; March 12, 1951, pages 1129, 1130; March 16, 1953, page 2953; March 17, 1954, page 3072.

I am well aware that the reading of figures or the reading of a table does not, through the process of reading it to the house, convey anything very significant. But I hope the minister and hon. members who are interested in the plight of these retired C.N.R. employees will look at this table when it appears in *Hansard* tomorrow. In the first instance, hon. members will note what I have already pointed out in so far as that group who are getting less than $25 a month is concerned. Time, I regret to say, is taking care of that problem. Unless the government acts soon, there will not be much the government can do for these people. They are dying off at the rate of 3 or 4 a year, and there are only 14 of them left.

As to the others, those on pension of $25 per month or between that and $50 a month, the figures are interesting in this respect. I might say that I have studied the whole set of figures and the picture is what I shall now indicate. They are interesting in that they show that up until the time the new pension plan came into effect the number of people on inadequate pensions was increasing every year. It is shown in this table that the number in 1951 was greater than the number in 1949. With the coming into effect of the new plan —and it came into effect on January 1, 1952— the numbers in these brackets who were on these lower pensions started to decline. Time may solve that problem too, only it will take much more time because there are many more of these people, and there are still people coming on these inadequate pensions, some even coming on only the basic pension of $25 a month.

[Mr. Knowles.]

The table shows that in 1953 the total number on pensions of less than $50 a month had dropped from 9,288 to 9,055; and the figures the minister gave in answer to my questions yesterday show that the total number of persons on pensions of less than $50 a month had dropped to 8,301. In other words, there is a drop of something like over 700 in the last year. I think it would be a mistake to assume that it will continue at that rate and that one could count on this problem being solved in the next 12 or 13 years. I think it is fair to say, however, that that number will go down a bit from year to year. I suggest two things. The fact that it will go down is no reason that these people should just be allowed to die off by a process of slow starvation on these inadequate pensions. The other point I suggest is this. The fact that it would require a less and less amount of money each year to supplement these pensions to some proper level takes away any excuse the government might have for not putting an item in the estimates to cover the plight of these people. Frankly, Mr. Speaker, that is my request to the government, that they put an item in the estimates to provide a supplemental allowance to Canadian National Railways pensioners whose pensions are less than $50 a month. I submit they should at least be brought up to $50 a month, and I think a more reasonable figure, one I would be quite justified in requesting at the present time, would be $60 a month.

I said a moment ago that there was one additional argument in my quiver this year that I did not have last year, and I think I see by the twinkle in the minister's eye that he knows what it is. It is probably something he will boast about. I notice in the estimates that have been tabled for the fiscal year 1954-55 that we now have two items providing for the supplementing of the pensions of retired railway workers. One of them is an item we have had there for over thirty years, an item to supplement the pensions of people who worked for the old Intercolonial Railway. That item was first put in the estimates shortly after world war I to increase the amount of the pension retired employees of that railway were receiving. The pension they were receiving was a pittance. Even with the supplement added the amount they get is still but a pittance, but at least the principle is there. That need was met by an item in the estimates. It was put there in the early 1920's and has been there every year since. The amount keeps declining. It is down this year to $12,250.

Following item 478, to which I have just referred, is item 479 which reads as follows:

Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunication services transferred to Canadian National Railways.

It is a new item. The amount is $17,000. We will get further details about it later in the session. Perchance members of the committee may obtain some information about it in the committee. At any rate, I welcome it. Is it not clear that if that can be done, not only for retired employees of the old Intercolonial Railway, as we have done for over thirty years, but also done now to supplement the pension allowances of former employees of the Newfoundland railways who were transferred to the Canadian National Railways, no one can gainsay the fact that the same thing could be done for the 8,301 retired employees of the Canadian National Railways whose pensions are still less than $50 a month?

Mr. Chevrier: The argument has no application to the point my hon. friend is making.

Mr. Knowles: I shall be interested in hearing the minister try to develop that assertion. To me it is merely an assertion. If it is possible to supplement the pensions of one group of railway workers in this country, bearing in mind particularly that all of them are government railway workers, surely it is possible to supplement the pensions of other groups of retired railway workers. I know that the minister is more or less resigned to hearing me make this speech two or three times a year. He knows it is coming whenever this motion is put on the order paper. He knows it is coming when we reach the particular items in the estimates. But I submit that it is time this question was taken, not just as one about which to debate, one to deal with in terms of the minister's arguments versus mine, but as one that should be dealt with on humanitarian terms, on a basis of justice and in fairness to these retired employees.

I hope that either here and now, or in the special committee on railways and shipping owned, operated and controlled by the government, or when we are considering the estimates later, other members will indicate that they feel as I do about this matter. Communications have certainly been sent to a great many members of the House of Commons by organizations representing retired Canadian National employees. Those communications have come from organizations in the maritimes, from Toronto, from Winnipeg, from Edmonton, from Vancouver, and from other places as well. I do not think it is out of place for me to say that secretaries and other officials of some of these organizations have informed me of the favourable replies they have had from other members of the house. Of course the favourable replies are all from private members but they are from private members in all parties. These organizations have been assured that they have the support of quite a number of private members of the house. I hope they will indicate that support either now or privately to the minister if that is the way Liberal members prefer to operate.

But in any case I submit that these veterans of service with the Canadian National Railways deserve more than merely speeches and debates in the House of Commons. They deserve a supplement to their pensions, and I submit that the figures I have placed on the record, and which I have been able to put together from information the minister has been kind enough to give me, demonstrate the seriousness of the situation and the need for action. There was a time when the men themselves and some of us dared to hope that the Canadian National Railways might deal with this matter itself. That day seems to be gone. The pension plan has been revamped and put on an actuarial basis that does not provide for any supplement to these people.

I think it is pretty clear now that the only body that can do anything for these people is the federal government, and I suggest that the government, having put two items in the estimates covering retired employees of the Intercolonial Railway and former employees of the Newfoundland railways, should complete the picture and put an item in the estimates to provide supplemental allowances to retired employees of the Canadian National Railways whose pensions are in these lower brackets and whose pensions, in my view, should be brought up to a reasonable figure.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I shall take only a couple of minutes. I had not intended to speak on this motion because it is one that is brought forward every year for the purpose of setting up a committee to look into the annual report of Canadian National Railways, its steamship lines and so forth. Usually the committee is composed of very competent members of parliament, and I think they usually do a good job. However, the speech of the hon. member for Winnipeg North Centre (Mr. Knowles) to which we have just listened is one that we have heard on other occasions, and I am sure that this group, as well as others, will support him in his plea for consideration for these particular pensioners.

But I am led to another thought. While his plea may be for these particular pensioners, there is a principle involved, one that applies pretty well to all industrial pensions. The fact is, whether it is the Canadian National Railways or any other company, that usually industrial pensions are paid for jointly by the workers and the company. A fund is established and the pensioner, of course, is putting by during his years of labour a certain portion of his salary, which is tantamount to saving for his old age or when he is retired.

Now, at the time that pension fund is set up and the amount of the contribution is struck, the amount of this pension looks fairly good and most of the employees are rather happy that they will have something on which to retire. When the day comes for their retirement and they receive that amount that the pension calls for, they find themselves in rather straitened circumstances by reason of the inflation that has taken place. Their pensions are worth only about half of what they expected they would be worth. In my view, this is a serious situation. Perhaps this condition will apply to all industrial pensions, and particularly those that were established some ten, fifteen or twenty years ago.

In my opinion, Mr. Speaker, this condition cannot be corrected by the companies themselves. While the situation of those special individuals to whom the hon. member for Winnipeg North Centre (Mr. Knowles) is referring might be corrected by the Canadian National Railways, generally speaking where the value of the pension has been reduced by reason of inflation, that situation cannot be remedied by the industry itself. It can only be remedied by government financial policy. Until the government adopts a financial policy that will remedy it, then in my opinion the situation will not be remedied.

I have a friend who is a retired banker. I know, of course, that I cannot speak about that particular subject because we are talking now about Canadian National Railways. I bring it up only to indicate that the banking profession has usually been considered an admirable profession. Some of these retired bankers are today poor men, and can hardly exist on the pensions they get. Those pensions looked good when the scheme was set up, but by reason of the government's financial policy the value of the dollar has been reduced. I just want to make these observations. I am sure that the committee will be in competent hands, and that once again good work will be done.

Mr. Clarence Gillis (Cape Breton South): I am always very pleased to see this committee set up, Mr. Speaker. I have had the pleasure of serving on it for a number of years, and it is always an education to sit down with the officials of the Canadian National Railways, the Trans-Canada Air Lines, and the minister who heads up that aggregation. There is a lot to learn if one pays attention to what is taking place.

In my opinion the good feature of this committee is that you have organizations like Canadian National Railways, Trans-Canada Air Lines and the Canadian National (West Indies) Steamships who come to the House of Commons once a year and meet the representatives of the people. They give a detailed report on their business for the information of this house, showing how they functioned during the past year. I believe that is an example of something, particularly at this time. It would be impossible for organizations like Canadian National Railways or Trans-Canada Air Lines to get into difficulty that would cause them to go into liquidation. The members of this house and the leaders in government would have an opportunity of looking at the programs and policy with a view to keeping the organization functioning, if that were in the best interests of the economy of the country.

Now, that is something my hon. friends to the right should bear in mind once in a while when they decry the idea of public supervision or ownership of any organization. For example, the textile industry is a very important industry in the economy of Canada. During the past few months we have seen mills close their door with very little warning, and as a result the future of whole communities has been jeopardized. This all adds up to bad planning, bad supervision and no contact with the general public or those responsible for the economy of the country. The same thing is true in many other organizations. There is no need for me to enumerate them. When an industrialist can pick up the phone, call in a message to a radio station and have an announcement made over the air that will close out an industry in a section that may affect two or three towns and may mean that the livelihood of the people is destroyed, I think that clearly indicates the complicated economic picture that has developed in the world.

From time to time on this North American continent it is necessary for the representatives of the people to take a look at any given industry in any section of the country. In this way many of the things that are happening in the basic industries could be prevented. By means of this committee a huge organization like Canadian National Railways that means so much to the country, or Trans-Canada Air Lines, that means so much now

and is going to mean more in the future, can come once a year to put their problems before the members who are elected from the various communities and thus keep the people informed as to what is going on in these organizations. Such industries as coal, textiles, steel and packinghouses have a great influence on the economy of Canada. I believe the time is coming when we are going to have to have a look at the management of these organizations to prevent what is happening in some of them today.

I am glad that the minister was in a position at this time to announce that at least the Canadian National had no deficit. For many years we sat in this house and listened to the huge deficits of the Canadian National. It just took a little common sense and judgment on the part of Canadian National officials and government representatives to realize that a revision of the capital structure was necessary. This was done, and the picture is brighter today. I am always glad to see the committee set up because I learn a lot in that committee. I have no hesitation in saying that I get more information and more education from that committee than through any other function I perform in the House of Commons. I look forward to the committee every year, with a great deal of interest.

There are many things I could say, but I am sure full discussion will take place before the committee, and I shall not speak at greater length now. I would rather talk face to face with Mr. Gordon and his officials about some of the problems I think it is within their province to correct—if we can get them in the right mood.

Mr. Jean-François Pouliot (Temiscouata): Mr. Speaker, I have been very much interested in what has been said by some hon. members who have spoken on this motion. I appreciate the fact that I shall have another opportunity to meet with my colleagues to discuss the affairs of the Canadian National Railways. I was sorry that I was attending the meeting of a committee when the minister made his cheerful statement concerning the past and the coming year in relation to the operations of the Canadian National Railways.

The committee we are now asked to set up is a very useful one. It is only fair that members of parliament who vote moneys by way of subsidies for the support of the Canadian National Railways should be entitled to some information concerning the expenditures of that organization. At times there are some complications. We are told that the company should follow the usual rule in business, that of rendering an account to members of parliament.

The case of the railways is a peculiar one. In the first place I wish to tell the genial Minister of Transport (Mr. Chevrier) that, as always, he can rely upon my support. But it would be well for the officials of the railways to realize that members of parliament are in duty bound to exercise certain controls in respect of the way the railways are administered. That is only fair. We are asked questions by our constituents, and when we are not in a position to answer they are stunned; they cannot understand it. Therefore I hope the officials of the railways will realize that instead of having any bad feeling toward them, each time members of parliament attend sittings of the committee on railways and shipping and ask questions it is for the purpose of helping those officials in the administration of the railways. We do not ask those questions to cause trouble. Some officials seem to be under the false impression that when members of parliament ask questions they are opposing the railways. This is not so; we are trying to help them, and it is unfortunate that sometimes the officials do not seem to understand this.

Sometimes decisions made should be more carefully considered beforehand—and I am thinking of the closing of some shops. The railways should consider the effect of this action on the communities concerned. As the Canadian National Railways are supported by the people of Canada, the officials of that system must give consideration to our people in all their dealings. I am not going to insist upon this at great length, because I am sure the Minister of Transport does not miss any opportunities to remind the railway officials of their duty. And so much the better for them. The officials may not like it, as sometimes they do not seem to like the questions asked in committee by members of parliament, but some good comes from that questioning. Fortunately members of parliament realize that decisions have been taken at times too quickly, and that something must be done by way of compensation. This is particularly true of my own county, and I am thanking the government for what was done.

The Canadian National Railways has a long history. At first it was a government railway. The Intercolonial was operated under the direction of the minister of railways; and older employees and members of their families are still under the impression that the government is in control. That is not the case, but it is in their minds.

I know the purpose of the minister is to leave the railway board free to administer the railways to the best of their ability. This

has been government policy for a long time. On the other hand members of parliament are responsible for what is done by the Canadian National Railways, and because of that we are entitled to make observations for their benefit. I am not going to complain about what has been done in the past; I am concerned with the present and the future of the railways and their employees.

Very often we see officers of the railways, now grown in importance, who asked us when they were in smaller jobs for our support to gain promotions. But as soon as they get their promotions they say, "No politics with the railways; we are above politicians; we do not want politicians to interfere". To get their promotions they held us by the sleeve. That is the story of human nature. They were not independent when they wanted something. They got it, under false pretences; and now they seem to be very independent and give us the cold shoulder. They will not listen to what we say, not on their behalf but on behalf of the railways.

Human nature is weak. Some errors may be committed by humble employees of the railway as well as by those in high office. I am not going to insist upon this point, but I am sure all hon. members know what I mean. Why be so hard on a man with a family who may have made a mistake but who, in doing so, caused no damage to the railways, and who would like to be reinstated? Those questions should be reconsidered, because the ones who have suffered an injustice have the sympathy of the community.

With reference to the pension paid to old employees of the Intercolonial, it will be recalled that some time ago engineers, conductors, brakemen and firemen were paid only $1.25. They were paid a very small salary. The pensions of some of the employees of the Canadian National Railways are based on that salary. The government has contributed an amount to the provident fund of the railway and I hope it will be increased as a matter of justice to help those employees who were good servants of the railway at a time when the railway was administered by the minister of railways and canals. It is with the best disposition and the friendliest spirit that I am conveying these remarks through you, sir, to the Minister of Transport.

If the officials of the railways read *Hansard*, they will realize that all that has been said here has been said for their own good and that of the railways.

[Mr. Pouliot.]

Mr. Gordon Churchill (Winnipeg South Centre): I do not propose to speak at any length on this occasion, but I wanted to say, as others before me have said, how much interested those of us are who are members of this particular committee. We do gain from that experience a great deal of useful information by firsthand reports from the gentlemen who are the heads respectively of the Canadian National Railways, the Canadian National Steamships and Trans-Canada Air Lines. I recall that from the work of the committee last year and the year before I myself gained quite a bit of important information from hearing these firsthand reports.

There is no doubt that western Canada has as great an interest in railway problems as has any part of this country, and more than most parts because we are so dependent upon the railway. We have not the shipping facilities that are enjoyed by the east and the west coasts and by central Canada with its great lakes system. To us then in western Canada the railway system ranks as the most important link for us with the rest of the world. The importance of the railway system in western Canada is easily observed from a map showing the extent of the railway system stretching for so many hundreds of miles and criss-crossing the great western prairie country where such abundant crops are grown. Now we find the development of the railway system stretching farther and farther northward, notably recently into the northern parts of the province of Manitoba in connection with the mineral developments at Lynn Lake. Therefore, so far as western Canada is concerned, the problem of the railways ranks of the highest importance. And throughout the years people from western Canada have very naturally taken an interest in the railways and their problems.

We are very much concerned with the question of freight rates and watch that problem with a great deal of interest. We naturally hope that when the C.N.R. makes its annual report it will indicate a profit and not a loss, because if a series of losses occur annually then the freight rate question comes to the fore, and in the last few years we have seen the circumstances surrounding that problem and the great increase in freight rates since the war, imposing an additional burden on the producers in western Canada and the consumers in that area.

From our point of view since we grow huge crops of wheat and other grains which must be disposed of in large part on the world markets, freight rates rank as a matter

of major importance. Those of us who come from western Canada view with a measure of alarm, certainly with regret, the fact that the issue of the Crowsnest pass rates on grain is raised from time to time and not discussed in its fullest implications. The impression is erroneously conveyed to the public that that rate that was set a great many years ago is not now applicable under modern conditions. The erroneous aspect of the argument is that attention is not paid to the enormous increase in volume of traffic to which those Crowsnest pass rates apply, and the railways are benefiting from the development of the west and of the crop areas and from the tremendous development in the volume of grain shipped over our railways. Consequently, those of us from western Canada have to keep a wary eye on all matters in connection with freight rates.

We shall be interested in hearing the report of the president of the Canadian National Railways with regard to the effect of the changes in freight rates on the business of the railways, the effect in so far as the subsidy is concerned that was provided last year for the so-called bridge between the east and the west north of the great lakes. These and other problems will likely be brought to the attention of the president of the Canadian National Railways, and I hope we will get complete answers, as we have in other years got complete answers, on virtually all the problems raised.

I am sure there will be an interesting discussion with regard to the passenger traffic on the railway and its comparison in the subsequent report that we shall receive from the Trans-Canada Air Lines with the increase in passenger traffic of the air lines. I think I recall last year the prediction on the part of the air lines that the great majority of passenger traffic would soon be via air, and its effect therefore on the railways is a matter of considerable importance.

We got from the T.C.A. an equally able report on the development of that method of transportation, and that adds to the interest of the committee. I have just one final word to say. I note that the minister himself is not on the committee this year. I was wondering whether he was going to come on. Last year he was not placed on the committee at first, but later he was put on. It is of interest to me because of the fact that in the house, when questions are asked concerning these institutions, we are referred to the Canadian National Railways itself and to the Trans-Canada Air Lines. It is not easy to see the division of responsibility as far as the government is concerned. As I say, I notice this year the minister is not going to sit on the committee. Therefore I presume he is leaving it wide open to us then to direct our questions to those who are at the head of those three bodies that will be under consideration and he himself is to play no part in our deliberations.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker—

Mr. Deputy Speaker: May I remind hon. members that if the minister speaks now he will close the debate.

Mr. Chevrier: Mr. Speaker, my remarks will be brief, because judging from the contributions in the debate thus far it would appear to me that the affairs of the Canadian National Railways are in good hands and are operated satisfactorily, since on the whole there has been little or no criticism in the course of the discussion this afternoon. There are a number of things which have been brought to the attention of the government during the course of this debate, but it is not possible for me to deal with them all. However, I feel I must at least give some attention to one or two of the matters that have come under discussion. It is impossible, of course, to deal with all the suggestions or points made by the hon. member for Greenwood (Mr. Macdonnell), but there are one or two matters with which he dealt which I would like to take a few moments to discuss.

One had to do with freight rates and that was also discussed by the hon. member for Winnipeg South Centre (Mr. Churchill) who has just resumed his seat. The position with reference to freight rates as regards western Canada and even the country as a whole is far better now than it has been for some time. I do not mean, of course, with reference to the general impact upon the cost of transportation, but with regard to the recommendations of the royal commission on transportation.

The recommendations of the royal commission on transportation have been implemented almost in their entirety, save for one or two exceptions. Dealing generally with freight rates, following the recommendations of the commission parliament enacted changes and introduced amendments to the Railway Act. One of them was to ask the board of transport commissioners to make an investigation with reference to the equalization of rates. That has been done in part, and a recent order has been issued by the board of transport commissioners equalizing the rates whereby the amount of differential was reduced or made to disappear making freight rates in the whole of

western Canada from the Pacific coast to the Ontario boundary almost equal. Class rates in the east and west were brought closer together by an earlier order of the board which had the effect of reducing them in western Canada by 5 per cent, and increasing them in eastern Canada by about 10 per cent.

The bridge subsidy brought in two years ago, following the recommendations of the royal commission, covered a subsidy of $7 million concerning the bridge from Capreol through Sudbury, and on through to the head of the lakes to the west. The effect of that subsidy of $7 million, payable to the railways for the maintenance of their trackage, has been to reduce east-west rates by about 8 per cent.

Then the one and one-third rule was brought into effect by virtue of an amendment to the Railway Act which had an effect on all the western provinces, particularly Saskatchewan, Alberta, and a large part of British Columbia, and they received the benefit of the transcontinental rate plus one-third. Most of the recommendations of the royal commission in that respect have been implemented.

The other two matters to which I wish to direct my attention are the conditions of employment on the Canadian National Railways, and the question of pensions. Unemployment on the Canadian National Railways and the so-called lay-offs have not been nearly as serious as the house was perhaps led to believe during the earlier part of the session. I would like to place on record some of the figures which are pertinent to this issue. For example, in 1939 the average number of employees in the Canadian National Railways was 78,129. In 1951 that had climbed to 121,191, and in 1952, the last year for which figures are available, the total was 127,930.

The total payroll for 1939 was $122 million. For 1951 it was $381,654,000 and in 1952 it was $405,541,000. The average earnings per employee in 1939 was $1,500, roughly speaking. In 1951 that had almost doubled to $3,149, and in 1952 the average earnings per employee in the Canadian National Railways was $3,170.

With reference to lay-offs I have figures covering the period up to January 31, 1954. The total of 1,492 covers the reduction in the mechanical department staff at the main shops throughout Canada. The breakdown is as follows: In the Montreal shops 427; in the Atlantic region 248; in the central region 268; and in the western region 549. The reason why the western region total is larger than the others is because it concerns four provinces, and has to do with the shops at Transcona, Fort Rouge, Calder and Port Mann. Therefore, the total lay-off in the mechanical staff department was 1,492.

Generally speaking the total lay-offs in the Canadian National Railways in all spheres of activity amounted to 6,400 employees. These can be broken down into 2,200 maintenance of way men, 2,300 mechanical staff, and 1,900 others. While I include maintenance of way men who had been laid off at the end of January 1954, I should add that I know that since then many of them have been taken on again because these men are laid off and taken on dependent on the work that is being contemplated, so that whether we include the total number, or whether we only give the number in the mechanical shops, it is a very small proportion of the employment figure for 1952 which I gave a moment ago, namely 127,930 employees. What were the reasons for this? I would just like to take a few moments to give some of the reasons, and some of the hopes for the future.

The railway business is dependent upon the general activity in transportation services in the country as a whole. I said on an earlier occasion and I repeat now that the operations of the Canadian National Railways compare favourably with those of any other on the North American continent, and with those of the sister railway, the Canadian Pacific Railway. The decline in traffic is because of a drop in international traffic, that is traffic which is connected with Canadian National Railways at the boundary line, and also in the United States branch of the Canadian National Railways operated south of the border.

There has also been a reduction in the level of activity because of the extended use of diesel locomotives. These locomotives have been put into operation substantially in western Canada. Steam locomotives are being supplanted by oil burning equipment. The position in the maritimes I know is a serious one and causes much concern to all hon. members from that part of the country. However, due to certain conditions, which the president of the Canadian National Railways mentioned during the sittings of the committee last year, the program in that part of the country is on a longer term basis than that in western Canada.

Those features, namely the current level of traffic, particularly in the last four or five months, from September last year to the end of December of this year, are fully responsible for these lay-offs or reductions

in employment. However, I am happy to say that for the present year, namely the early months of 1954, the figures indicate a slight improvement in the activities of the Canadian National Railways. I am informed that it is anticipated the physical volume of business in 1954 will not be too far removed from what it was in 1953. In fact, I do not think it will be much more than 1 per cent less than it was last year. That would indicate the soundness of the economy of the country as well as the stability of the operations of the Canadian National Railways.

I turn to this much discussed question of pensions. I would not want the hon. member for Winnipeg North Centre (Mr. Knowles) to think that he is alone in the advocacy of increased pensions for retired employees or present employees of the Canadian National Railways. If I have ever given the impression in this house that such was the case, I want to correct it immediately because there are coming into my office letters from members of parliament from all sides of the house, and more particularly from this side of it, making themselves advocates of the pensioners, retired or otherwise, of the Canadian National Railways. However, I think that the house is not fully conversant with this position. Perhaps the hon. member for Macleod (Mr. Hansell) is the one who, in his discussion of it, put his finger on the circumstances as I understand them.

In order fully to understand the pension position of the employees of the Canadian National Railways, I think it is important that we go back somewhat to ascertain and to see what happened in past years. In order fully to appreciate the implications of the railway's basic pension plan of $25 per month, it is essential to go back to before 1935. Prior to that time, that is January 1, 1935, the Canadian National pension plan was based upon the former Grand Trunk Railway pension plan which provided generally a pension to employees on the attainment of age 65, equivalent to one per cent of the employee's highest ten-year average salary, multiplied by the number of years of service. A careful study born of the depression in the years immediately preceding 1935 demonstrated to management that the Canadian National system should no longer sustain the financial burden of this "free" pension plan.

However, since employees then on the Canadian National payroll were considered to have some moral right to protection against a revision in the plan under which they had previously been working, the 1935 amendments undertook, among other things, to provide a service pension calculated on the basis of the former Grand Trunk plan up to January 1, 1935, with a guaranteed contractual basic pension of $25 per month in any event. Thus the 1935 rules, as regards service prior to that date, preserved the former scale of free pension benefits to all employees and, through the medium of the guaranteed minimum, improved the position of many.

The next point I wish to make is that subsequent to 1935 those who were willing to pay approximately one-half of the cost of pensions arising from service after that date were afforded an opportunity to increase their pension benefits. Thus, an employee is permitted under the 1935 rules to supplement his free pension by contributions up to 10 per cent of his compensation, such contribution, with interest, being matched by the company to a maximum of 5 per cent of that compensation, with the company further guaranteeing that if the employee makes a 5 per cent contribution his pension will not be less than that payable to him under the former rules.

As regards employees who joined the service subsequent to January 1, 1935, the company provided a free pension of $25 a month which the employee was privileged to improve by contributions as aforesaid. The revised 1935 plan thus consisted of a small free pension plus a supplemental annuity on a money purchase basis within the aforesaid limits. It is therefore apparent that the Canadian National employee had only to contribute his share to the fund to obtain a pension considerably higher than $25 per month. It should be remembered also that he would have made no contribution in respect of the $25, and that the company would make a substantial contribution to the supplemental annuity if he took advantage of that offer.

Despite the provisions made for increased pension benefits, based on voluntary contributions, many employees obviously preferred the non-contributory guaranteed basic pension only. I am informed by the Canadian National management that in spite of periodic campaigns by management and labour representatives who supported the revised provisions the number of actual contributors has been disappointing. Out of 114,028 Canadian employees eligible to contribute only 41,828 had elected to do so as of December 31, 1953.

At January 1, 1952, some 3,200 retired Canadian National Railways employees, as has been said here, were receiving the basic pension of $25 per month. At July 1, 1952, there were, over and above that number, 190 former Canadian government railway employees, retired under the provident fund act, who were receiving the minimum pension of $30 a month. The position of these

men was this, and here I stop to deal with those who are retired and those who are still working.

Mr. Speaker, I move that the debate be now adjourned.

Mr. Speaker: If the minister were able to conclude within a minute or so, we might be able to pass the motion. The Gentleman Usher of the Black Rod has not yet arrived.

Mr. Chevrier: I should like to conclude if I could do so, but I am afraid that I cannot. I could do so in three or four minutes.

Mr. Green: Go ahead.

Mr. Chevrier: I should like to conclude this part of my observations, if possible. There are two parts to this question. First, there are those who are retired—and I think my hon. friend and other members are particularly interested in them—those who are retired and entitled, in addition to the $25, to receive the universal old age pension, or to receive old age assistance between ages 65 and 70, with a means test. In some cases that will mean a pension of $80 and in other cases a pension of $100 per month, if husband and wife are both over the age of 70 or between the ages of 65 and 70.

Mr. Knowles: Retired judges can get the old age pension too.

Mr. Chevrier: Retired judges are on a different plan altogether.

Mr. Knowles: They certainly are.

Mr. Chevrier: The plan here is that an employee was entitled to contribute. I wish I had time to put on *Hansard* the circular that the president of the Canadian National Railways had sent to the employees of the railways with reference to part 1 and part 2 of the revised pension rules effective January 1, 1952, wherein it is said to be possible for those who were in receipt of the basic pension to make a contribution and those who were in receipt of an already increased pension to receive a greater pension provided they made a further contribution. Unfortunately I have not the time to put on *Hansard* what I would like to put there at this particular moment, namely what was set out in that circular.

Mr. Fleming: Why not put it on *Hansard*? Put it on by consent.

Mr. Chevrier: If I can put it on by consent, I now table the circular that the chairman of the Canadian National Railways sent to all officers and employees from his office in Montreal on March 7, 1952.

Mr. Speaker: Has the minister unanimous consent to put this circular on *Hansard*?

[Mr. Chevrier.]

Some hon. Members: Agreed.

Mr. Chevrier: The circular reads as follows:

CANADIAN NATIONAL RAILWAYS

Office of the Chairman and President

Effective 1 Jan. 1952

Montreal, March 7, 1952

To all Officers and Employees:

The employees will have seen from my "23" message, dated March 5th, and references in the press, that the directors have made some revisions to the existing Canadian National Railways pension plan. As advance information for the employees there is given below a short description of the plan as revised. The detailed rules and regulations will be completed in due course, printed in booklet form, and a copy furnished to every employee.

The description given below will give the employees a fairly good idea regarding the provisions of the revised plan but employees approaching retirement age, particularly if they are contributing to the pension fund, are advised to communicate with the superintendent of pensions who will furnish to them such additional information they may need to exercise the options which are available to them. It will be appreciated that it is not possible in such a brief description to set out every detail of so comprehensive a pension plan, and it must be understood that the actual rules will be the governing factor in determining eligibility for and the amount of pensions.

D. Gordon
Chairman and President.

Short description of a revised pension plan for Canadian National Railways

The revised plan is in two parts.

Part 1 is the existing plan with some amendments designed to make better provision for present and future employees who become disabled, and also for early retirement. It provides a basic pension of $25 per month at the expense of the company, and also for a supplemental pension at the joint expense of the company and the employee. It is optional with the employee whether he contributes or not. He may contribute an even percentage of his compensation from 1 per cent to 10 per cent and the company will match his contributions after 10 years service but not in excess of 5 per cent. The amount of the supplemental pension is that which the joint contributions with compound interest will buy. The plan makes provision for benefits for service prior to 1935 when the present contributory plan was established.

The employee may select the type of pension he wishes, that is to say he may elect to take it in the form of an annuity payable during his life time, or payable during his life time but guaranteed in any event for either 5, 10, or 15 years, or in the form of a joint life and last survivor annuity. The amount of a guaranteed or survivor type annuity is of course less than the single life annuity but is the actuarial equivalent of the single life annuity.

As amended the plan provides pensions for disabled employees provided they have attained age 50 with not less than 20 years service. If the portion of the pension payable at the expense of the company is less than $40 per month (on a single life basis) the company will grant a special disability allowance so as to increase its portion of the pension to $40 until the employee reaches age 65. If an employee with these age and service requirements should die in service the pension board may grant a survivor benefit equal to one half the amount of such employee's pension, on a single life basis, but excluding the allowance referred to. Such benefit

will be payable during the life time of a surviving spouse, or for 10 years from the date of the employee's retirement, whichever period is longer.

Normal retirement is at age 65 with 20 years service, but provision is made for early retirement with reduced pensions. For each year below age 65, one additional year's service will be required, so that an employee may retire at age 64 with 21 years service or age 55 with 30 years service, or anywhere in between where the age and years of service add to 85.

The optional and flexible provisions of part 1 are considered by many employees to be preferable to a more rigid compulsory contributory plan. It allows employees considerable freedom to shape their railway pension to their needs as they see them.

Part 2 is designed to meet the requirements of those who wish to obtain larger pensions and who are willing to join a plan under which contributions are compulsory. Employees will be covered by part 1 unless they elect to transfer to part 2, which election will be irrevocable. They will be given ample time to make their election.

Under this part the employee must contribute 5 per cent of his compensation and the company will pay the balance of the cost. The pension will be a percentage, based on length of allowable service, of the employee's average compensation during the last 5 or 10 years of service whichever is more favorable to the employee. The percentage will be 1 per cent for each year of service up to 20 years, 1¼ per cent for each year during the next 10 years, and 1½ per cent for each year over 30 years service. Fractions of a year will be computed proportionately. This pension will be payable during the life time of the employee. On the decease of the employee one half the pension will be payable during the life time of a surviving spouse, or for 10 years from the date of the employee's retirement, whichever period is the longer.

A provision is also made for pensions to disabled employees. These benefits are available to employees who have attained age 50, who have at least 20 years allowable service, and who are certified by the company's chief medical offcer to be unfitted for further service by reason of permanent physical or mental disability. If an employee with these age and service requirements should die in service the pension board may grant a survivor benefit similar in terms to the one referred to in the preceding paragraph.

The normal retirement date is age 65 but a provision is made for early retirement with reduced pensions, the age and service requirements being similar to those referred to under part 1.

The pension benefits are conditional on the employee having paid 5 per cent of his compensation throughout the period of his service from January 1st, 1935 or from the date he last entered the service if entry was later than January 1st, 1935, until the date of his retirement. An employee whose total contributions prior to date of transfer are less than the required amount will be permitted to make good the arrears during his remaining service by additional contributions, or lump sum payments, but if arrears are not made good the pension will be reduced proportionately.

An employee who transfers from part 1 to part 2 and who had contributed under the existing plan in excess of 5 per cent of his compensation, will receive repayment for the amount of the excess.

That position was recognized by the general chairman of the association of the men when he wrote to Mr. Cooper, the chairman of the pension fund of the Canadian National Railways, thanking him for the benefit of the assistance that was given by the officers of the Canadian National Railways in connection with this plan. I should like to put that on *Hansard* but I do not have the time. I refer to it and it can be found at page 112 of the minutes of proceedings and evidence of the sessional committee on railways and shipping of Tuesday, April 29, 1952. But I commend that letter to the consideration of the house. It indicates surely that the railways have given this matter careful consideration.

Mr. Knowles: Mr. Speaker—

Mr. Chevrier: I should like to conclude.

Mr. Knowles: Since you have asked unanimous consent to put documents on the record, surely one should be permitted to ask a question about them.

Mr. Chevrier: If I am allowed to conclude my remarks in time of course I will be glad to reply, but I should like to conclude because time is of the essence at this moment. In the light of the foregoing circumstances Canadian National Railways considers that it cannot now be reasonably contended that the employer should further augment the free pension. The Canadian National employee is better off than his counterpart on other railways and in many industries in that he has a pension for which he has paid nothing and he has or has had the money he otherwise would have been required to contribute if the plan had been compulsory.

For the aforesaid reasons Canadian National Railways has informed the government that it cannot in equity make any increase in the so-called basic, but more accurately termed, free pension of $25 per month. The government's position in that respect is that notwithstanding what has been said, but having regard to the legislation that has been placed on the statute books, such as universal old age pensions, and having regard to the possibility of old age assistance with a means test, it feels that under the circumstances it should not take any action at this time to increase the basic pension.

Mr. Knowles: A very unsatisfactory reply.

Motion agreed to.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Right Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bill:

An act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVILEGE

MR. ADAMSON—REFERENCE TO CANADIAN PRESS DISPATCH

Mr. Rodney Adamson (York West): Mr. Speaker, I rise on a question of personal privilege. In tonight's press I see a report by the Canadian Press to the effect that the Minister of Mines and Technical Surveys (Mr. Prudham) had stated that I wished Canada unilaterally to raise the price of gold in Canada. This so shocked me, as it is the very antithesis of everything I have said on the subject for many years, that I ask the right for complete and absolute denial at the earliest possible occasion—which is now.

What I advocate now, as in the past, is not that Canada set a price for gold, but that she, as the world's third trading nation, establish a free market for gold in Canada, so that an acceptable price may be arrived at, based on the open market decision within a country not employing exchange or currency control. This is the whole basis of my argument about gold as a monetary unit, and as an agent of convertibility. I introduced a bill this session on this very point.

I regret I had to be out of the house in the dying minutes of the debate on gold, and I regret that my point was not understood about the free market. I hope the minister will understand this—and I see he is in the house. I know he did not misstate the point deliberately, but I wish to correct it now. What I said in the debate on the bill was that Canada should take the lead and establish a free market for gold, so that a price could be arrived at within a free economy—not that we could artificially peg the price at $50, or any other amount, which would be quite impossible.

I agree with the minister in what he said. I wish merely to correct any misunderstanding, because his suggestion is the very antithesis of everything I have said in the house for years.

[Mr. Knowles.]

Hon. George Prudham (Minister of Mines and Technical Surveys): I regret very much if I misconstrued the meaning of my hon. friend's remarks.

Mr. Adamson: Thank you very much, Mr. Speaker; and I also thank the minister.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

The house resumed, from Wednesday, March 17, consideration of the motion of Mr. Chevrier for the second reading of Bill No. 374, to control export and import of strategic materials.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, I had not quite concluded my remarks yesterday afternoon at the dinner adjournment. It is always a temptation, when one's remarks in any debate are divided into two instalments, to repeat on the second occasion much of what was said on the first. I can assure you, Mr. Speaker, that I intend as best I can to resist that temptation.

However, there is one observation I must make in regard to one point I was seeking to emphasize yesterday. I referred to a form of export control which the government had made use of when, on December 14, 1953, the Minister of Trade and Commerce (Mr. Howe) announced that the Canadian government had undertaken to limit the shipment of Canadian oats to the United States to 23 million bushels during the period from midnight December 10, 1953, to midnight September 30, 1954.

I said that that action was taken by the Canadian government in view of an imminent breach by the United States congress of the principles of GATT. I see that in the Canadian Press despatch reporting my remarks yesterday the comment follows that I did not say what that breach would be. Let me take that up and make quite clear what that breach of the principles of GATT on the part of the United States congress would be.

The explanation is to be found at page 861 of *Hansard* in the statement made to the house on December 14 last by the Minister of Trade and Commerce. His statement proceeds:

We have now been advised that the tariff commission—

That is, the tariff commission of the United States.

—has made its report to the President and that this report recommends restrictions on imports of oats into the United States. It was, of course, hoped that the President would not find it necessary to act

upon this report. It can be taken for granted that both governments wish, if possible, to avoid getting into restrictions and counter-restrictions.

The imminent breach of the principles of GATT to which I referred was the threat that the United States congress would act at that moment to impose restrictions upon the importation of Canadian oats into the United States. Canada has supplied practically all the oats imported into the United States market. This is a matter of high importance to the Canadian producers of oats. What I complained of then, and most emphatically complain of today, is that the Canadian government should apply restrictions upon the export of Canadian oats to the United States with a view to forfending, apparently, the imposition of restrictions by the United States congress on the importation of Canadian oats into that country.

If the United States congress is determined again to commit a breach of the spirit and letter of the general agreement on tariffs and trade then the responsibility for that breach should be left precisely where it belongs—on the shoulders of the United States congress. And it is highly improper for the Canadian government, in the exercise of the power it possesses under the Export and Import Permits Act, or any other statute, to come to the rescue of the United States congress in that situation and impose export restrictions upon Canadian producers of oats.

We were not told by the Minister of Trade and Commerce, when he made this statement in the house on December 14, what was the statutory authority under which the government was proceeding. One can only infer that it must have been the Export and Import Permits Act, which is being replaced by the measure now under debate. But whatever the authority was, I say that it was an improper exercise of that authority on the part of the Canadian government.

I had also dealt yesterday with a question which is coming to the fore in the capitals of not a few countries in the west, that of trade with Russia—trade, not simply in strategic materials, but the whole question of trading relationships with Russia. I reviewed what had been said in the United Kingdom recently in that regard. May I refer to a dispatch emanating from one other European capital on the same subject. It is a dispatch from Brussels under date of January 31, and contains this announcement:

Belgium and Russia today signed a new trade agreement worth 5,000,000,000 Belgian francs ($100,000,000) in trade to each country.

Russia will export to Belgium and Luxembourg cereals, small cars, celluloses, manganese, chromium, coal, tar, asbestos, cast iron, furs, tobacco, canned goods and other products.

Belgium will supply Russia with textiles, fish, vegetable oils, hides and skins, lead and chemicals as well as other products. In addition Belgium is to construct 10 cargo vessels, 10 cold storage ships, floating cranes and other marine equipment to be delivered to Russia over the coming three years.

The volume of trade under the new agreement is double that of last year.

In view of what is being said from London and from Moscow these days on this subject, and in view also of reports such as the one I have just read, I ask again in this house: what is the position of the Canadian government with reference to this subject of trade with Russia? It is one thing to restrict export of strategic materials, anything that by any stretch of the imagination could be of assistance to a nation that may be bent on aggression. There is no one in this house who would give anything to any aggressor nation that would be of the slightest assistance in furthering the aggressive intent of any such nation. But I think we should know what is the policy of the Canadian government on the subject of trade with Russia.

Now, sir, I wish to speak on another aspect of trade in relation to a bill that deals with attempts to control the export of what are called strategic materials. This is a rather different subject because, although it relates principally to any nation behind the iron curtain, it is a nation, in view of the United Nations' action, which is in a different category. I refer to China.

Trade with China is restricted, as the house will recall, under a resolution passed by the security council of the United Nations back in June, 1950, immediately following the violation of the border of South Korea when the communist aggressors burst over it and sought to overrun the southern part of the peninsula. That resolution of the United Nations has been binding upon Canada as a loyal member of the United Nations. Under that resolution Canada as a member is bound to prevent shipments of munitions and arms to China or to any intermediate country through which such shipments might eventually reach China.

As long as our relations with the United Nations are such as they are, and as long as relations of the United Nations are such as they are with Red China, I urge, Mr. Speaker, that it should be made quite clear that Canada will stand firmly behind her obligations as a member of the United Nations and behind that resolution. We do not wish to contemplate that the present situation may last forever. It is only a cease-fire that exists in Korea today. No one who hopes seriously for better days can contemplate that this situation can continue indefinitely in Korea. But, Mr. Speaker, as long as Red China stands in the category of an aggressor,

branded as such by a finding of the United Nations, then I submit that it is the duty of Canada as a loyal member of the United Nations to stand firmly behind the present resolution which prohibits the sending of arms, munitions and implements of war either to Red China or to any nation through which such material may reach Red China. And similarly, I think that through the United Nations Canada must keep a very close examination upon trade that other nations are carrying on or proposing to carry on with Red China.

I have before me a dispatch coming from the United Nations, New York, dated February 7. It is a little lengthy, Mr. Speaker, but I think that every bit of it is of striking interest in relation to this subject. It reads:

Red China's trade with the non-communist world rose sharply during the first half of 1953, a United Nations survey showed Saturday.

The U.N. figures, published in the monthly bulletin of statistics, showed:

1. Communist China's exports to the free world increased from $151,100,000 in the first six months of 1952 to $205,100,000 for the corresponding period last year.

2. Her imports from non-communist countries rose from $112,200,000 in the first half of 1952 to $163,300,000 for the first half of 1953.

3. Countries increasing their trade with red China included Britain, France, Belgium, West Germany, The Netherlands, the Scandinavian countries, Italy, Austria and Japan.

4. While communist China's trade with the free world was increasing, the trend of Russia's trade and that of her eastern European satellites was just the opposite. There was a drop in the total trade between communist and non-communist countries of Europe.

Although the total dollar increase in red China's trade with the free world was not substantial when compared with the total volume of world trade, there was a percentage increase of approximately a third in both imports and exports.

The United States and India were the only major countries to have reduced their trade with the Chinese communists.

The table listed red China's exports to the United States for the first half of 1952 at $22,500,000 and those for the first half of 1953 at $4 million. Exports from the United States to communist China were listed at zero for both periods.

Britain's imports from red China rose from $4,500,000 to $10,900,000 and those of British overseas territories increased from $89,700,000 to $120,300,000. Western Europe's total imports from communist China increased from $26,400,000 to $55,400,000.

Britain's exports to red China increased from $1,800,000 to $8,700,000.

May I just observe before leaving that subject, Mr. Speaker, that it is clear that a large number of countries of free western Europe have been increasing their trade with Red China. These are countries that are members of the United Nations. It is quite clear that this trade therefore is not in so-called strategic materials. Nevertheless, I do submit, Mr. Speaker, that this is a matter that must have close attention on the part of the Canadian government. There have been suggestions emanating from Europe that there should be a re-examination of the category of strategic materials with a view to narrowing the list of goods whose export to countries behind the iron curtain is prohibited. This is a matter that should be engaging close attention on the part of a government like our own which has a considerable interest in external trade. Even though we are doing no trade with China ourselves now, Mr. Speaker, we still have the liveliest interest in the matter of the trade of other free nations with China.

It will I am sure be the unanimous view of this house that it is imperative that every reasonable step be taken to prevent strategic materials that could be of any use in the aggressive plans of any nation behind the iron curtain falling into the hands of such a country. But we must have a statement of policy on the part of this government. When this house is asked to vest in the Canadian government very wide powers with reference to the export of Canadian goods as well as to the import of foreign goods into this country, it is imperative that there be a statement from the government and from the minister as to the policy of the government.

I asked, as I mentioned yesterday, on a previous occasion, now six weeks ago, for a statement on the part of the Minister of Trade and Commerce as to the position of the government with reference to trade with Russia. The minister's answers were evasions; but the time for evasion has passed, the time for a statement of policy from the government has come, and this bill should not be allowed to pass through until there has been an adequate and comprehensive statement by this government on its policy with respect to trade with these countries.

It will be recognized, of course, Mr. Speaker, that trade has an important part to play in improving relations between the countries of the world, not only between the western nations but between countries that have been behind the iron curtain and the west. That is the view that is coming to the fore, and more prominently in Europe today. It is most opportune that the Minister of Trade and Commerce returned last night from two days spent in Washington as a member of the Canadian delegation which went there for the purpose of discussing mutual questions in relation to trade. It is therefore appropriate that the house should hear tonight from the Minister of Trade and Commerce in relation to the subject of trade between Canada and the United States, in relation to these questions which are under discussion between the free countries as to

their plans in regard to trade with nations behind the iron curtain, and with respect also to the matter of strategic materials.

Let the house realize that this bill purports to confer very wide powers upon the government. It is an enabling bill. It is a bill which vests very sweeping powers in this government. Many of its provisions are of the kind with which many of us in this house do not agree. They give such wide powers to the government that it would allow this government, if it chose, to use these powers so as to create discrimination between Canadian importers, and also discrimination as between exporters. It puts power into the hands of the Canadian government over wide sections of the whole Canadian economy. Powers of this kind should not be vested in government except under the compulsion of strictly emergent conditions.

That brings me, Mr. Speaker, in conclusion, to the matter I raised yesterday. I urged upon the government a course which I believe is highly necessary and opportune. I recalled that when this measure came before the house in 1947, on the suggestion of the hon. member for Greenwood (Mr. Macdonnell) it was referred to the banking and commerce committee. This subject of export and import control has not been before any parliamentary committee since 1947, seven years ago. There has been no detailed review of the operation of export and import controls by a parliamentary committee in seven years. It is a matter of high importance. The whole structure of our controls is before us again in this bill by which the government seeks not only an extension of those powers in point of time, but an extension of those powers in terms of their nature. Therefore, Mr. Speaker, it is necessary at this time that the whole structure of the operation of our export and import controls should be submitted to careful study by the banking and commerce committee.

I am well aware as a member of that committee, Mr. Speaker, that the committee has a substantial volume of work before it during this session. It is studying, under reference from this house, amendments to the Bank Act and the Bank of Canada Act, but the indications are that the time these two measures will absorb this year in the committee is not at all comparable with the time that the study of two similar measures occupied in the banking and commerce committee ten years ago, at the time of the last decennial revision of the Bank Act. Therefore, I believe it is quite clear that the banking and commerce committee has time to give this measure, covering the whole of our export and import controls structure, the kind of careful review and study it ought to have now.

Let the house remember that there is a provision in this bill which contemplates that the control powers shall be in effect for three years until July 31, 1957. I suggest, Mr. Speaker, that the house ought not to part with wide powers such as this, to vest special powers of this kind in the executive branch of government for a period of three years, powers which can only be justified on the basis of an existing and present emergency necessitating the taking of energetic measures with respect to what we call strategic materials, without very careful scrutiny. Therefore, Mr. Speaker, I urge that this measure should be sent to that committee for adequate study and for limitation of the period during which this measure is to have effect without further extension.

This is the kind of emergency legislation, and the powers it confers on the government are of a kind, which the house should not confer in any event for more than a year at a time, so that it retains control itself over the executive branch of government and guarantees in that way that it will have returned to it each session for review the measure itself and the actions of the government in pursuance thereof.

There are continuing dangers in a measure of this kind. Let us, in recognizing the fact that great dangers exist, realize that there is a need for effective control over strategic materials, and let us see to it that parliament retains a close check-rein before parting with powers as broad as these.

Mr. H. R. Argue (Assiniboia): Mr. Speaker, the C.C.F. group believes that a bill such as the one under debate is necessary in these troubled times. We believe it is necessary not only to control the shipment of strategic materials to certain countries in the world, but we believe also that it is necessary to use these powers to a greater extent to handle the export and control of certain peacetime products such as exist in surplus in this country today.

I listened both the other day and this evening with a great deal of interest to the speech made by the hon. member for Eglinton (Mr. Fleming). I believe the speech he delivered is probably as far removed from the attitude the C.C.F. group takes on this measure as it is possible to be.

The hon. member stated that on December 14 last the Minister of Trade and Commerce (Mr. Howe) announced that restrictions on the sale of Canadian oats to the United States

would be imposed. No one in this country likes to see restrictions being placed on the sale of Canadian oats to the United States. The hon. member for Eglinton said that such restrictions should not have been placed on the export of our oats to the United States by the Canadian government. He said, in effect, "Let the United States defy GATT, and let them if they want defy GATT and place an embargo on shipments of oats to the United States". I would far rather see producers in this country being able to ship 23 million bushels of oats to the United States than leave it up to the United States to break GATT, as I am certain they would and thus possibly keep Canadian oats out of the United States altogether. Certainly it is better to have some plan—

Mr. Fleming: On a point of order, Mr. Speaker. I believe the hon. member is stretching the words I used. I did not say the United States should or would place an embargo on Canadian oats. What I said was that if there were to be restrictions imposed the responsibility should be put exactly where it belongs. In this case the responsibility was that of the United States congress and that is where the responsibility should be allowed to rest. The Canadian government should not be expected to snatch United States' chestnuts out of the fire.

Mr. Argue: That is exactly what I thought the hon. member had said. But even with this further clarification I believe the Canadian government placing partial restrictions on shipments of Canadian oats to the United States is far better than leaving it up to the United States, with the possibility that the United States might keep all Canadian oats out of that country.

We would like to see those controls in this measure having to do with peacetime goods used to a greater extent. We hope the day is not far distant when the restriction on strategic materials will no longer be necessary. We hope that a day of real peace is not too far distant when the sections of this act relating to strategic materials might be dropped, and the safety of our nation secured even though these controls have been dropped.

The hon. member for Eglinton made a big point of asking the government what its policy was in relation to trade with Russia. He said it is time that the government made a clear statement on its policy in relation to trade with Russia in ordinary peacetime goods. I could agree with that statement too, but I failed to hear the hon. member for Eglinton, in a speech that lasted more than an hour and a quarter, say what the policy of the Conservative party was with regard to trade with Russia.

Mr. Fleming: On a question of privilege, Mr. Speaker, I must say that the speech did not last for an hour and a quarter.

An hon. Member: It just felt like that.

Mr. Fleming: It may have seemed like that to the hon. member but may I say that, counting yesterday's instalment and today's, I think the length of it was forty-nine minutes. However, I did not expect my hon. friend to come any closer to accuracy than he has.

Mr. Argue: Mr. Speaker, I thought the hon. member was going to argue with the statement I made that he failed to enunciate the policy of the Conservative party with regard to trade with Russia. Instead, he rises to quarrel as to whether he spoke for an hour and a quarter, an hour and ten minutes or an hour and twelve and a half minutes. In any event, it was a long statement from the hon. member and as far as that long statement was concerned, there was no reference whatever to the trade policy of the Conservative party. Perhaps the speech was made too near their recent convention for the Conservative party to have a policy on trade with Russia. Of course, I think the Liberal party is in the same position when it comes to trade with Russia. When you ask them what their policy is, the Minister of Trade and Commerce who ordinarily does not do much skating, skates around the question and from his reply we really do not know what the government's policy is with regard to trade with Russia.

I should like to see all possible steps taken by the Canadian government to promote an increase in trade in ordinary peacetime goods and goods that have no strategic value. I think that the more trade nations in the west have with nations behind the iron curtain, the less danger there is of a global war. Any action with regard to trade that will raise the living standards of the people in western nations and that would, of course, help to raise the living standards of people in the iron curtain countries is something that I believe is in the interests of all the people of the world and of peace.

I therefore say that the C.C.F. believe that our government should take all possible steps to promote ordinary peacetime trade with the Soviet union. In that respect I might say that we are travelling in very good company. The Prime Minister of the United Kingdom, Right Hon. Winston Churchill, in a speech delivered on February 25, emphasized the

importance of increasing trade with Russia as a means, not only of raising the living standards of the people in the nations involved but also as a means of reducing international tension and of promoting peace in the world.

When the hon. member for Eglinton came to discuss trade with China he did not take a neutral, non-committal position as he did in discussing trade with Russia. Instead, he said that a resolution had been passed by the United Nations banning trade with Red China and that he felt that no such trade should be undertaken. I can agree with that statement as far as it goes. But I believe the time is coming when steps must be taken to open peacetime trade with China.

The Prime Minister of Canada (Mr. St. Laurent) has returned from a tour around the world. I am sure that he himself has learned a great deal from that tour. Even though his reference to recognition of China has been modified at various times, I believe that at some time in the not distant future Canada must recognize the government that is in fact the government of China today. With that recognition by Canada and other nations in the western world I trust will go an opening of trade and a reduction of trade barriers, because I believe that trade in peacetime goods with China, as with Russia, is in the best interests of the peoples of the world and of peace. As we all know, a conference is to take place at Geneva in April for the purpose of discussing Far Eastern matters. As a result of that discussion I hope China may be recognized and that peacetime trade with China may be resumed once again.

I believe there are other sections of this bill that could and should be of real importance to the people of Canada but those sections today are not being used. I refer to clause 3, subclause (b), which says that this bill provides laws to implement an intergovernmental arrangement or commitment in reference to the export of commodities. I take it that it is under that very section that there is now a restriction on the sale or export of Canadian oats to the United States.

I believe that under that section there should be co-operation between Canada and the United States in distributing and selling surplus commodities in various countries of the world. We have in Canada many surplus commodities that are held in surplus supply in the United States. There should be active co-operation between Canada and the United States to share the market that is available and to undertake measures to increase the market for foodstuffs and other commodities that are in surplus supply. But as I see it, there is no real co-operation between the two governments. There is no agreement as to sharing of markets. Instead, Canada operates on its own and the United States operates on its own. In such a competitive atmosphere, Canada is likely to lose.

Before this debate is concluded I should like the Minister of Trade and Commerce to make a statement as to the results of the recent conference between four members of the Canadian cabinet and representatives of the United States government. Of course I do not know all of the decisions that might have been taken. I can only refer to the Canadian Press report that appeared in today's Montreal *Gazette*. In it there are quotations from the joint communique that was issued after the conference took place. We have seen other such conferences in the past.

I suggest to the government that unless some concrete agreement was made as to sharing of markets the result of this conference is likely to be as barren as other conferences on the same subject. I remember that on May 6 of last year, for instance, a resolution was passed unanimously by the house before the Prime Minister (Mr. St. Laurent) made his trip to Washington. That resolution read as follows:

> In view of the impending departure of the Prime Minister for Washington this house desires to record its opinion that further and more vigorous efforts should be made by the government to bring about the removal of the restrictions imposed by the United States on the importation of Canadian agricultural products, in violation of the general agreement on tariffs and trade.

That resolution was passed unanimously by the Canadian House of Commons. The Prime Minister of Canada and the Secretary of State for External Affairs (Mr. Pearson), armed with this resolution passed unanimously by parliament, went to the United States, met officials of the United States government, yes, met President Eisenhower, and asked that the United States lift the restrictions then in effect on Canadian agricultural products. As far as I know, that conference resulted in the lifting of no restrictions.

But since that time there has been further restriction, this time imposed by Canada, it is true, on the exportation of oats to the United States market. We know that restriction came about only because we feared that if we did not restrict the export of Canadian oats we might end up by losing the United States market completely. In other words, the delegation headed by the Prime Minister

of Canada which interviewed President Eisenhower last May on this subject came back with no results.

It is true that a very long communique was issued following that conference. It can be found at page 5055 of *Hansard* of May 9, 1953. But even though it was a fine-sounding communique, even though both countries affixed their signatures to it, little or nothing came of the statement. The statement issued following the conference just concluded does not give me any more hope than the one issued following the conference a year ago. A Canadian Press dispatch in the Montreal *Gazette* of March 18 contains the following with respect to the recent conference:

"The ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact on normal trade, great damage might be done, not only to the commerce of Canada and the United States, but also to the world economy", the communique said. "The ministers reaffirmed that it is the continuing policy"—

Listen to this.

—"of their respective governments in disposing of agricultural surpluses abroad to consult with interested countries and not to interfere with normal commercial marketing."

It was precisely because the United States had, by action taken in the United States, been grabbing one market after another that Canadian cabinet ministers went to Washington, and apparently the best they could get from the conference was the statement containing the words that the ministers reaffirm that it is the continuing policy of their respective governments. Apparently the United States is going to keep on doing in the future what it has done in the past. There is an appropriation of $1 billion in the United States that may be used to dispose of their surplus products.

I am in favour of plans for the disposition of agricultural surpluses when that disposition results in feeding hungry human beings, but I do not like to see Canada let the United States do all the disposing of surplus commodities in that way. I think there should be some joint plan between Canada and the United States so that a program to dispose of surplus products may be undertaken with some agreement in order that Canada too may be able to dispose of some of her own agricultural surpluses.

I should like to see the parliamentary assistant, if the minister is unable to take part in this debate, tell us what real hope there is that Canada may have a substantial market for wheat and barley in Japan, Spain and other countries where reports of late have indicated the United States is moving in with gifts of food attached to the supplying of armaments. If these reports are correct, we are not going to be selling to these countries even as much grain in the future as we have in the recent past. Apparently the Americans are getting rid of their wheat in the following way. They say to Japan: Buy a dollar's worth of bullets and we will package a dollar's worth of wheat with the bullets and send the dollar's worth of wheat free.

Mr. Dickey: On a point of order, I do not like to interrupt the hon. member, but this bill has nothing to do with the disposal of surpluses or anything of that kind. It is a bill dealing with export and import permits on strategic goods, and I do not think we can get into a debate on this bill on the broad subject that the hon. member has been discussing for the last ten minutes or so.

Mr. Argue: On the point raised by the parliamentary assistant, I hope—I am sure that he has—that he has looked at the bill rather closely and has observed that in the first place it is entitled "an act respecting the export and import of strategic and other goods". Then, under the section dealing with exports he will see that it says that the governor in council has power to implement an intergovernmental arrangement or commitment dealing with the export of strategic and other goods. It is because of that power that is in the bill, the same type of power that is now apparently being used under another part of the legislation to restrict the export of Canadian oats, that I am bringing this problem to the attention of the parliamentary assistant and the government.

Mr. Dickey: The hon. member is not even correct in that, but certainly there is no section in the bill that has anything to do with the disposal by the United States government of their surpluses.

Mr. Argue: There is nothing in the bill that has anything to do with the disposal of United States strategic materials, but it is possible under the legislation, and in fact I believe it is being done, for Canada and the United States to agree mutually to control the export of strategic materials.

Mr. Dickey: My point of order was that discussion on the bill should be with respect to its principle and not the subject that the hon. member has been discussing for some time.

Mr. Argue: I am perfectly agreeable to that. Discussion should be in accordance with the bill, and that is what my speech has been directed to. Perhaps I should refer the parliamentary assistant to clause 5 which reads as follows—

Mr. Speaker: Order. I did not want to comment on the point of order raised by the parliamentary assistant because I thought that he and the hon. member for Assiniboia were trying to compromise as to the value of their respective points. But when the hon. member begins to direct his attention to specific sections of the bill he knows that at that particular moment I am entitled to intervene and call him to order. He referred to section 3 (b) a moment ago, and I thought that was perhaps the end of his references to sections. But if he continues it is my duty to tell him it is not in order, when discussing the principle of a bill on second reading, to refer to particular sections of the bill.

While I am on my feet may I say that I take into consideration the remarks which were made by the parliamentary assistant, and we are largely guided by the knowledge he has in connection with the interpretation placed upon this bill by hon. members who intervened in the discussion. Personally, I confess that I was somewhat puzzled in listening today to the hon. member for Eglinton, and to the speech that is now being made by the hon. member for Assiniboia, because of the broad title of this bill and the fact that the words "other goods" were included in the title. I am hopeful that hon. members who have studied the bill will keep in mind that we must not go beyond the scope of the bill, and I shall rely on them to be reasonable about that.

Mr. Argue: I appreciate your comments, Mr. Speaker. You are correct, as you almost always are, that a member should not refer to specific clauses in a bill during discussion of the principle of the bill. Certainly, the assertion of the parliamentary assistant that this bill deals with strategic materials is correct, because those are the materials that the government has dealt with under this measure.

Mr. Dickey: My assertion was not that this bill deals only with strategic materials. It was simply that it had nothing to do with the disposal policy in relation to surplus materials.

Mr. Argue: This proves exactly what I was saying, that the government has decided to use this legislation in a certain way, but because the legislation gives the government power to do certain other things, I believe some of those other things should be done. If the parliamentary assistant will pursue the bill somewhat farther he will find there is an additional principle in the bill, and that is that action may be taken by the government to see that those things done under the Agricultural Prices Support Act, the Fisheries Prices Support Act, the Agricultural Products Act, the Agricultural Products Co-operative Marketing Act may be fulfilled. While the parliamentary assistant and the government are emphasizing one principle of the bill, I am emphasizing the other principle of the bill.

I believe that a measure such as this should be used in co-operation with friendly countries to control the export of commodities now in surplus supply in this country. I am hopeful, as I have said, that in so far as this measure relates to strategic materials, it can be dropped even before 1957 because of the lessening of world tension and because of the increasing belief that peace is assured. But so long as we are in the kind of world we are in today, the C.C.F. believes that a measure such as this is necessary. Even though this measure is adopted we trust that the government will take steps to expand trade with the iron curtain countries in peacetime because we believe that by expanding trade you will lessen international tension. As time goes on that will make this bill, in relation to strategic materials, no longer necessary.

Mr. Speaker: If the parliamentary assistant speaks now, he will close the debate.

Mr. J. H. Dickey (Parliamentary Assistant to the Minister of Defence Production): I believe, Mr. Speaker, the majority of the points that have been raised in the debate on second reading could perhaps best be dealt with at the committee stage. However, there are one or two points to which I should address some brief remarks.

The first is with reference to the remark made by the hon. member for Eglinton (Mr. Fleming) in relation to the extension in time of this bill. The extension proposed is of the same length as the extension that was agreed to by parliament the last time the present legislation was before parliament. This period was selected because of the views that had been expressed at that time. The hon. member said in his remarks this evening that in his view the period of the bill should be for one year only. I submit, Mr. Speaker, that we could discuss that more fully at a later stage, but the fact is that this is a period that should be convenient. The actual working of the legislation is under the review of parliament, not simply at the end of that period but at each session. During the discussion of the estimates of the Department of Trade and Commerce any matters which hon. members feel are of importance in connection with the operation of this act can be brought forward and completely considered by the house.

There is one other matter I feel I should mention. It is the suggestion made by the hon. member for Eglinton that this bill should be submitted to the banking and commerce committee. I assure you, Mr. Speaker, and hon. members, that that suggestion, which was made in the debate yesterday, was given careful consideration. I regret to say it was felt that suggestion could not be met, and that at this time this bill would be submitted for consideration of the committee of the whole house.

One of the major reasons for that was alluded to by the hon. member himself. The banking and commerce committee has before it very important legislation referred to it by this house, and legislation that will occupy the committee for some time. I was glad to hear the hon. member give an optimistic estimate of the manner in which the committee could deal with the legislation that is now before it. I hope that his prognostication is correct. I am sure his colleagues on the committee agree with me in that.

However, I do believe that the serious and important legislation the committee has at the present time will take some weeks, and there would be a considerable delay involved if this bill had to await the completion of the work now before that committee. I do not wish to suggest for a moment that this is a bill in connection with which there is any great haste. But its provisions are important and we are anxious to have the house consider fully the proposals contained in the bill and to explain, not only to the house but through parliament to the country, exactly what the proposals are; then to have them enacted into law. In this way the present legislation could be replaced by legislation which we believe is better designed to meet the requirements of Canadian business and Canadian trade under present circumstances.

One other matter is in connection with the remarks of the hon. member for Eglinton and the hon. member for Assiniboia (Mr. Argue) in regard to the embargo on the export of oats from Canada to the United States. The fact is that that is not really relevant to the present discussion, because that action was taken under powers contained in the Canadian Wheat Board Act and is related only to that act, and not either to the Export and Import Permits Act, that is now the law of this country, or to the present proposed bill.

The hon. member for Eglinton asked very particularly that there be a statement with respect to the policy of the government in connection with trade with Russia and other iron curtain countries. The hon. member for Assiniboia also laid some stress on that point, but from a quite different point of view. The hon. member for Eglinton quoted a number of press dispatches relating to statements made respecting government policy in the United Kingdom. And as I understood the hon. member, he intimated his belief that the government of the United Kingdom had made satisfactory disclosure of government policy, and he wished that the Canadian government would do likewise.

Mr. Speaker, I think if I read first some of the quotations used by the hon. member from press dispatches from England, and then read the statements by the Minister of Trade and Commerce (Mr. Howe) in this House of Commons, that he also read, it will be clear—and I believe the hon. member will agree with me—that the statement of policy of the Canadian government made by the Minister of Trade and Commerce is on all fours with the stated policy of the government of the United Kingdom, and is as complete and as clear as the statements to which he referred.

As reported at page 3097 of *Hansard* the hon. member for Eglinton quoted from a dispatch from London dated January 29, in which he referred to statements by a board of trade spokesman. The final paragraph of that quotation setting out the policy of the British government is as follows:

> It is, however, a firm government policy to encourage any possible increase in the trade of non-strategic goods.

And, farther down on the page:

> Britain wants to extend trade with communist countries in Europe "to the maximum, consistent with security needs".

And then, in the second column, referring to further comment from the British board of trade:

> "We welcome any increase in trade with Russia, provided it is within the non-strategic field."

In the light of those three quotations I should like to read the words of the Minister of Trade and Commerce which were quoted by the hon. member and to which I have referred.

Mr. Fleming: Would the hon. member permit a question? Perhaps he could save the trouble of reading the minister's statement on the point if he would tell us whether he is authorized to say on behalf of the government that the statements which have just been read do represent the policy of the Canadian government with reference to the same matter.

Mr. Dickey: I think I can deal with that by reading what is already on the record. The

words of the Minister of Trade and Commerce are quoted by the hon. member at page 3096 of *Hansard*, as follows:

> Trade between Canada and any country behind the iron curtain is carried on subject to permit.

That means a permit under the present act.

> In other words a permit must be issued by my department for any transaction concerning exports to those countries. There has never been any prohibition against trade in certain commodities, while there is a definite prohibition against trade in commodities that are on the restricted list.

That, as I understand it, is the policy of the Canadian government on trade with iron curtain countries—

Mr. Fleming: That is very different from the British statement.

Mr. Dickey: —that there is no prohibition on certain commodities, while there is definite prohibition against trade in commodities which are on the restricted list. Then the minister goes on:

> I refer to strategic materials. Subject to that reservation, if any Canadian merchant can arrange trade with Soviet Russia, his application will be considered by the department.

I believe that this is on all fours with the statements made with respect to government policy in the United Kingdom on the same subject.

Mr. Fleming: No resemblance.

Mr. Dickey: The hon. member also asked a question as to whether or not Canada is consulted in connection with representations regarding the number and kind of items on the so-called strategic list. The answer to that question is yes. As I pointed out in my statement on second reading of the bill, at the opening of the debate, this list is under continuous review by an international co-ordinating committee. Canada is represented on that committee. All these matters are discussed in the committee, and we are fully consulted and advised about them.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

Mr. Fleming: Mr. Chairman, I should like to take up the theme that the parliamentary assistant has just mentioned. As I understood him, he has sought to convey the impression that the statement made by the Minister of Trade and Commerce in the house on February 17, as recorded at page 2170 of *Hansard*, puts the Canadian government policy on all fours with the policy of the government of the United Kingdom, as declared by Prime Minister Churchill in the passages I quoted in my speech yesterday, reported at page 3097 of *Hansard*.

I submit to the committee that they are two different things. What the Minister of Trade and Commerce was doing, in reply to a question on February 17, was simply stating the present practice. He simply says that—

> Trade between Canada and any country behind the iron curtain is carried on subject to permit . . . There has never been any prohibition against trade in certain commodities, while there is a definite prohibition against trade in commodities that are on the restricted list . . . Subject to that reservation, if any Canadian merchant can arrange trade with Soviet Russia, his application will be considered by the department.

That is simply a statement of the present position under the act; but it is not a statement of policy at all.

What Sir Winston Churchill was saying, in clear terms, was that Great Britain wishes to extend trade with communist countries in Europe to a maximum consistent with security needs; and, further, that it was firm government policy to encourage any possible increase in the trade of non-strategic goods. And, again, the Prime Minister of Great Britain called for more trade with the Soviet union and eventually a relaxation of cold war embargoes as a means to reaching a workaday understanding with Russia.

Surely there is no need for any secrecy in the matter. We have legislation before the house dealing directly with this question of control of the export of strategic materials so-called and other goods. It should not be difficult for the government to put before the house a statement of policy. If the parliamentary assistant concedes the statement of the Canadian government to be on all fours with the statement made on behalf of the British government by Prime Minister Churchill in the passages I have just quoted, it should not be very difficult for him to rise in his place and say so, and at the same time say that he is authorized to say so on behalf of the government, in view of the fact that the Minister of Trade and Commerce, although he is back in Ottawa today, has not seen fit to be present in the house during the discussion of this bill.

If the parliamentary assistant, I repeat, will say simply that the policy of the Canadian government is the same as the policy of the British government as indicated in the passages I have just read, then I need ask no further questions. It will be then quite clear, but until he does I think we do not wish to be told that some of these evasive statements made by the Minister of Trade and Commerce on February 17 are somehow or other to be pictured as being the same as the statements made on behalf of the British government by Prime Minister Churchill.

Therefore if the Canadian government's policy is the same as the policy of the British government as it was described, then perhaps the parliamentary assistant can say so very simply now.

Mr. Dickey: I do not think I can do any better than repeat what has already been said. I presumed that the hon. member for Eglinton had quoted with approval the statements that he used in the debate yesterday afternoon, and on reading those carefully I came to the conclusion that they expressed exactly the same principle that had been expressed by the Minister of Trade and Commerce in this house. The Minister of Trade and Commerce said very distinctly and in clear words that so far as non-strategic goods are concerned there is not, and there never has been any prohibition against trade with Soviet Russia or with any iron curtain country. With respect to strategic goods there are those prohibitions. They exist and we recognize and abide by them.

As I understand it, from the quotations which the hon. member put on *Hansard* as representing the position and the policy of the United Kingdom government, that too is their policy; that they are prepared to trade with the iron curtain countries provided that it is within the non-strategic field. That is the position in Canada, and as I understand it, from the quotations put on record by the hon. member, that is the position in the United Kingdom.

Mr. Argue: I would like—

Mr. Fleming: I had not finished my point, Mr. Chairman. There is no sense in my hon. friend standing in his place and quoting again the statement of the Minister of Trade and Commerce, what he said on February 17, because it does not touch on the matter of future policy. It is simply a statement of the present practice; it is not a statement of policy. It does not say at all that it is the policy of the Canadian government to seek more trade with the Soviet union or with other communist satellite countries. Surely, without my hon. friend referring to the remarks of the minister again, he ought to be able to say very simply, in the light of the statements made by Prime Minister Churchill as to the policy of the British government, whether the policy of the Canadian government is the same. Then all he needs to do is to say that it is the same and to say that he is authorized to say so on behalf of the government. But let us not have those references back again to the Minister of Trade and Commerce which do not bear on this question and are not an answer to the question.

[Mr. Fleming.]

Mr. Crestohl: Will the hon. member permit a question?

Mr. Fleming: I shall be glad to answer questions as soon as I get an answer to mine. I have asked a question of the parliamentary assistant—

Mr. Crestohl: Seeing that the hon. member is having some difficulty and doubt as to just what our policy is, I wonder whether he can tell the committee, or suggest to it, what the policy should be as suggested by his party.

Mr. Hodgson: We are not the government; you are the government.

Mr. Fleming: I do not propose to be diverted from my question by the very interesting interjection of the hon. member. It may well be—

Mr. Lesage: That is why you will never be over here.

Mr. Fleming: If the hon. member feels it necessary to run interference on behalf of the parliamentary assistant I can assure my hon. friend that I intend to stay with this question until we get a clear answer. It is a simple question. I thought at one stage that the parliamentary assistant was going to say so and clear it up in that way, but instead of that he keeps coming back and reading the statement of the Minister of Trade and Commerce, which does not touch on the point at all. Therefore I renew, Mr. Chairman, respectfully, the same question that I have asked, which admits itself of a simple answer. Then we shall have an answer and we can leave the matter there.

Mr. Dickey: If the hon. member does not regard the very clear words of the Minister of Trade and Commerce as being an answer I am afraid that I will not be able to be any more clear than was the minister; but I can tell him this. This is a free enterprise economy, and the government does not do business with Russia or with any other government in the normal course of events. But the policy of the Department of Trade and Commerce and the government is to give every assistance to Canadian businessmen in seeking business that may be available in Russia or behind the iron curtain and in dealing with any serious inquiry that they receive from such countries for non-strategic materials.

Mr. Argue: Is a review being made of the list of various materials now considered strategic in the hope that the list may be relaxed?

Mr. Dickey: There is a continuous review. There is the continuing committee to which I referred in my statement a few moments ago which has this list under careful scrutiny, and changes are made according to agreements reached in the light of the circumstances at any given period.

Mr. Argue: May I take it from the reply of the parliamentary assistant that at this time Canada is promoting a relaxation in the list of strategic goods? Before the parliamentary assistant replies to that I might tell him that according to the statements of Sir Winston Churchill the United Kingdom is reviewing the strategic list and is hoping that there may be—to use the Prime Minister's words—a substantial relaxation. Can the parliamentary assistant say whether Canada is supporting Prime Minister Churchill in the United Kingdom stand, namely, that there should be a substantial relaxation in the list of strategic goods?

Mr. Dickey: This review is carried on co-operatively. We are continually questioning whether or not any particular item is strategic, whether it has strategic implications, and the purpose of that review is to keep the list within the bounds of the national security of this country and of the other countries involved, but to keep it also from being unnecessarily broad in any of its classifications.

Mr. Argue: Can the parliamentary assistant say whether there has been any relaxation in the list during the last three years or whether it has been building up and has become more comprehensive? I take it from the statement made by Prime Minister Churchill that little if anything has been done in the way of relaxing the list of strategic materials over the last three or four years. Has this review within the last few years resulted in any relaxation?

Mr. Dickey: Mr. Chairman, there has been progressive relaxation over the last two or three years. I do not think it could be taken from the statement the hon. member attributes to Mr. Churchill that there has been no change. There have been changes, and I believe they have been in the direction of limiting the number of strategic items.

Mr. Argue: I appreciate what the parliamentary assistant has said, and I hope that further action will be taken towards an increasing relaxation of the list of so-called strategic materials, naturally keeping in mind all the time the safety of Canada. In order to acquaint the parliamentary assistant with exactly what Prime Minister Churchill said, I would like to quote part of the statement he made on February 25, as reported at column 592 of the British *Hansard* for that date:

> But a substantial relaxation of the regulations affecting manufactured goods, raw materials and shipping, which, it must be remembered, were made three or four years ago in circumstances which we can all feel were different from those which now prevail—a substantial relaxation would undoubtedly be beneficial, and beneficial in its proper setting bearing in mind the military and other arguments adduced. We are examining these lists and will discuss them with our American friends.

I take it, Mr. Chairman, from the remarks of the parliamentary assistant, that the Canadian position is substantially the same as that in the United Kingdom, and that Canada, in any review of the list, will be on the side of a further relaxation.

Mr. Dickey: I might just tell the hon. member and the house that our objectives are the same.

Mr. Hansell: Mr. Chairman, I do not know whether we are on the clause I think we are, but it seems to me we are discussing things which are relevant to clause 2. Are we on clause 2?

Some hon. Members: No, clause 1.

Mr. Hansell: I would like to ask some questions on clause 2, but perhaps I had better wait.

Clause agreed to.

On clause 2—*Definitions.*

Mr. Hansell: Mr. Chairman, I realize clause 2 deals with definitions, but in paragraph (a) it states:

> (a) "Area control list" means a list of countries established under section 4;

I am somewhat mixed up and perhaps you will call me to order as my remarks might be attributable to section 4, but I would like to ask the parliamentary assistant whether it is anticipated that countries in the area control list will be countries outside of the iron curtain. It seems to me that the countries which might be regarded as potential enemies of Canada would be those which we term iron curtain countries. However, I would like the parliamentary assistant to clarify that if he can.

I do not believe we should have any dilly-dallying around in respect to this matter. The bill is an important one in that it controls the export and import of strategic materials which it is anticipated may or may not go to our potential enemies. If it were not for that latter provision there would be no particular reason for this bill.

Paragraph (b) sets out the list of goods which have been established as being strategic,

but as far as I can see all goods which might be sent to a potential enemy country must be considered strategic goods. I am not saying that we should break off any particular type of trade with our potential enemies. I believe we have got to be humanitarian in our outlook toward these things. Canada is a country which produces vast supplies of agricultural products which in the main are food products, and I believe we should attempt to dispose of our food products, if we can, to people who need them. If the people behind the iron curtain need food the humanitarian thing to do is to let them have it. But as far as I am personally concerned anything apart from food, and perhaps clothing, is a strategic material.

There is another point I would like to make while I am on my feet, and it is simply this. Once again I see no reason for dilly-dallying around. If we want to feed the people behind the iron curtain who may be hungry, then I believe we should do so even though, if we believe the propaganda, the iron curtain countries are the only ones with a high standard of living. We know, of course, that is not true. But if we do ship foodstuffs to iron curtain countries, as the hon. member for Assiniboia has suggested, then I believe it would be one of the best deterrents to possible war. However, that will not work if the people behind the iron curtain do not know that that food comes from Canada. What assurance have we that they would know? Is this food going to be labelled "Made in Canada"? I rather doubt it. I do not believe communist strategy would permit their people to learn that they are living on foodstuff which comes from what they would call a capitalist country.

All these things are part of the picture and I would like the parliamentary assistant to reply if he can. Perhaps my remarks have been somewhat general but I will repeat my first question: Are any other countries, apart from iron curtain countries, likely to come within this control area? The parliamentary assistant may not know, as a country which may be regarded as suitable for this list one day may not be suitable the next.

Mr. Dickey: In answer to the hon. member's first question with respect to countries within the area control list I would say that under the bill now before us, if and when it becomes law, it is not anticipated that there will be any countries on the area control list outside the iron curtain. The situation at the present time is that the area control list, under the present legislation which is now in effect, does include a number of countries bordering on the countries behind the iron curtain and which now have to be included. But with the powers that are provided for in this bill we anticipate that we shall be able to eliminate all those countries from the area control list and limit it simply to the iron curtain countries.

On the second question with respect to the nature of strategic goods, of course that is a difficult question and one that is continually under review by the committee to which I have already referred. However, I can tell the hon. gentleman that no food or foodstuff that is produced in Canada and is in surplus supply in this country is on the strategic list as a commodity that cannot be exported to any part of the world.

Mr. Green: Clause (d) of section 2 defines "minister" as meaning the Minister of Trade and Commerce, and including any person authorized by him to perform his functions. The powers of the minister under the act are very wide. For example, permits can not only be issued but can be cancelled, amended, suspended or reinstated. There are also other very wide powers. In actual practice what persons are authorized by the Minister of Trade and Commerce to exercise these functions?

Mr. Dickey: That is a power that is in the present act. The official who is authorized is the chief of the export permits branch of the Department of Trade and Commerce.

Mr. Green: Only the one official in the department is authorized to act as the minister or for the minister?

Mr. Dickey: That is correct.

Clause agreed to.

On clause 3—*Export list of goods.*

Mr. Fleming: In subclause (b) of clause 3 we find the words "to implement an intergovernmental arrangement or commitment". Will the parliamentary assistant tell the committee what governmental arrangements and/or commitments are now in existence?

Mr. Dickey: The only one, as I am informed at the moment, is the United Nations resolution relating to the shipment of arms and materials of war to Red China.

Mr. Fleming: Do we not have under this category the understandings entered into between certain of the western nations apart from the United Nations resolution? I understood that the western nations had certain understandings with reference, for instance, to the definition of strategic materials. Have no agreements or arrangements been arrived at, for instance, among the NATO countries?

Mr. Dickey: I am advised no. The situation referred to by the hon. member comes under

section (a) which is regarded as related to the security of Canada and there is no firm intergovernmental arrangement or commitment that deals definitively with that particular situation. The only arrangements that can be properly described under the wording in section (b) is the United Nations resolution to which I have referred.

Mr. Fleming: Then will the hon. gentleman tell us more about the existing arrangement that is based upon subclause (a) which he has just mentioned?

Mr. Dickey: The NATO countries and some other friendly nations which are not members of NATO have a committee that meets in Paris where there are discussions of the list of strategic goods; where the interests of all these countries, including Canada, are represented; and where decisions are taken in common with respect to that list. Those decisions are observed by the member governments represented on that committee.

Mr. Fleming: I presume that is a committee meeting from time to time in Paris?

Mr. Dickey: I think it is in almost continual session. It is a continuing committee.

Mr. Fleming: In Paris?

Mr. Dickey: In Paris.

Mr. Fleming: The hon. gentleman will recall that in the passages I quoted last night from reports that came from London, there was one that I quoted from, as reported at page 3097 of *Hansard*, in which appeared these words:

> . . . it was stated authoritatively that Britain will submit new proposals for a revision of the embargo list to the United States and France through British embassies in the two capitals.

I presume that those proposals will be submitted to all the nations which are parties to the present arrangement. Last night I asked whether the Canadian government had been consulted in this respect. Can the hon. gentleman answer that question now?

Mr. Dickey: Yes. That is correct. These proposals would be discussed in that committee. I am not advised as to whether or not any definite action has been taken by the British government as indicated in the quotation put on *Hansard* by the hon. member; but I can assure him that if those proposals have been made or if they are made in the future, they will be referred to the committee to which I have made reference.

Mr. Fleming: Can the hon. gentleman tell us what is the position of the Canadian government with reference to proposals for a revision of the embargo list?

Mr. Dickey: We have not seen any proposals, so far as I am aware, arising out of the statement put on *Hansard* by the hon. member.

Mr. Fleming: That is the statement under date of February 25.

Mr. Dickey: But in answer to the hon. member for Assiniboia I made it clear that our objectives were similar to those in Great Britain and that our representatives would be authorized to discuss their proposals in the light of those objectives.

Mr. Green: What is the situation with regard to scrap metal? I realize that it would not be permissible to export that material to countries behind the iron curtain but at one time at least there were restrictions on the export of scrap metal to the United States and possibly to other countries which are not countries behind the iron curtain. What is the position today?

Mr. Dickey: I am advised that the export of scrap is under permit. Permits are freely issued for export from eastern Canada. There are some restrictions in western Canada because of local conditions and local demands which have to be provided for.

Mr. Green: That hardly seems fair to western Canada. They cannot export their scrap to the United States. They cannot send it back east without paying an extremely high freight rate. Yet the scrap metal from eastern Canada can be exported to the United States. How is that discrimination justified?

Mr. Dickey: I am informed that the western dealers have no complaint. They are currently getting $23 a ton for scrap whereas the eastern price is $21 a ton. I understand that they are quite satisfied with the position at the moment.

Mr. Green: I am not so sure of that. I think perhaps it is a case of being satisfied because they cannot be anything else, for the government has them by the neck. But what about the export of scrap metal to Japan? Is that permitted?

Mr. Dickey: Yes, I am advised that exports are permitted to Japan and that a substantial quantity has moved from Canada to Japan.

Mr. Green: Section 3 (c) reads as follows:

> To ensure that there is an adequate supply and distribution of such article in Canada for defence or other needs.

I presume these permits are required for scrap metal on the basis of "other needs".

Mr. Dickey: Yes, I am advised that is correct.

Mr. Green: Would there be the same power to control the export of iron ore to Japan?

Mr. Dickey: Yes. I am advised there would be if it were in short supply, but I understand there is no supply problem in that connection.

Mr. Green: I am very glad that the parliamentary assistant has made that statement because the Minister of Trade and Commerce has told me on other occasions that he has no power whatever to control the exportation of iron ore from British Columbia to Japan. The parliamentary assistant has now admitted that there is that power under this legislation. I would point out that iron ore is not in plentiful supply in British Columbia. We have very limited reserves and we are extremely anxious to have a smelter established on the west coast and are very much afraid that if the export of iron ore to Japan in large quantities is permitted the result may be that it will never be possible to establish a steel industry on the west coast.

I have here a return made on March 9 giving the amount of iron ore exported from the west coast to Japan in 1953. The amount was 958,046 tons, nearly a million tons which, for our deposits, is a very large amount. The year before the amount was 794,311 tons. I suggest that the government look into the possibility of expanding the permit system to cover the export of iron ore so that if it is a fact that there is a shortage of iron ore on the west coast exports to Japan can then be controlled. We are in the position now that our iron ore is being exported to Japan largely in Japanese bottoms and we are buying finished steel from Japan at a price perhaps ten times or more the amount we get for the iron ore. As I understand it, at the moment the government has no permit system so far as iron ore is concerned. Is that correct?

Mr. Dickey: It is not under export control now.

Mr. Green: Then I would ask that the matter be looked into and that some sort of export control be set up so that the department can at least prevent the export of iron ore to an extent that will be detrimental to the development of a steel industry on the west coast.

Mr. Hansell: I should like to ask the parliamentary assistant a question with respect to subsection (a) which reads:

> To ensure that arms, ammunition . . . will not be made available to any destination wherein their use might be detrimental to the security of Canada.

Are we to assume that once any such material leaves Canada for the designated country we have no further control over it? What I have in mind is this. Suppose, for instance, that we shipped some material to Czechoslovakia. Have we any control at all over what that country will do with it? Is there anything to prevent Czechoslovakia from sending it to some other iron curtain country, to Hungary, let us say, or some other country—even to Russia, if you like? Are we to assume that once it gets to the country of destination we have no more control at all with respect to it?

Mr. Dickey: No, Mr. Chairman. Czechoslovakia is behind the iron curtain and we would not send arms, ammunition or anything of that kind there. There is export control on movements to that country.

Mr. Hansell: That is not a perfect illustration. Let us say we send it to some other country that is not behind the iron curtain and they do not have any such restrictive measure. It may be a good bargaining point for them to get some of our material and then trade it to some iron curtain country at a price for something they need. Is there anything to prevent that?

Mr. Dickey: Yes. The problem to which the hon. member refers is that of transshipment, for instance, an export from Canada to country A, which is outside the iron curtain, being received in that country and then transshipped to some country behind the iron curtain. That is a matter that is under careful and continuous study by the committee in Paris to which I referred, and one of the main purposes of the bill is to enable us to deal with acts which take place in Canada which contribute to such transshipment. That is one of the important new aspects of our control mechanism that we are establishing by this bill.

Mr. Low: In other words, the effective control is to determine the reliability of the shipper to start with. If he is not reliable you will not licence him. If he proves unreliable after he has a licence then you have recourse to the penalty provided in the act and you can take away his licence for the future.

Mr. Dickey: Yes. In general terms that is correct.

Mr. Green: Has the parliamentary assistant got figures as to the scrap metal exported to Japan in 1953?

Mr. Dickey: No. I am informed we have not got those figures. We can get them for the hon. member. I am also informed that the exports of scrap to Japan have been what is known as distant scrap, scrap that cannot be moved to Vancouver economically to be sold in the market there.

Clause agreed to.

On clause 4—*Export list of countries.*

Mr. Fleming: Clause 4 relates to the establishment of a list of countries to be called an area control list. I referred last night to the list of countries established under order in council of January 13, 1953, as set out in the first column on page 3096 of *Hansard*. Has there been any change in the list of countries since that date? In the second place, is any further change now in contemplation?

Mr. Dickey: I am advised that there has not been any change in the list since that date, but there are very extensive changes contemplated if and when the present bill comes into force. As I explained to the hon. member for Macleod, when the bill comes into force we foresee the possibility of eliminating all countries from that list except those that are actually behind the iron curtain.

Mr. Fleming: Does that mean that Hong Kong will be dropped from the list? It has a peculiar and special position as the commercial gateway to China.

Mr. Dickey: That is a special case. We do not know whether or not it can be eliminated but that matter will receive consideration.

Clause agreed to.

On clause 5—*Import list of goods.*

Mr. Argue: On clause 5, I wonder whether the parliamentary assistant might inform the committee what goods are on the import control list because of the scarceness of the article in world markets? In other words, what commodities are on the import control list under (a) and then what commodities, if any, are on the import control list under (b), which is to implement any action taken under the Agricultural Prices Support Act, the Fisheries Prices Support Act, the Agricultural Products Co-operative Marketing Act or the Agricultural Products Board Act?

Mr. Dickey: In answer to the hon. member's first question there are no items on the list because of scarcity, and there is one item on the list under (b) and that is butter.

Mr. Argue: What act does that come under? Is it carrying out the Agricultural Prices Support Act?

Mr. Dickey: It is the Agricultural Prices Support Act, I understand.

Mr. Cameron (Nanaimo): Can the parliamentary assistant tell us whether this import control list is to be a list of goods for which import licences are to be granted or a list for which import licences are to be refused? If it is for those to be granted, would he tell us how it will achieve the purpose of the act?

Mr. Dickey: In actual fact, Mr. Chairman, the list includes items in both categories.

Mr. Cameron (Nanaimo): Can the parliamentary assistant tell us how an item which appears on the list as one for which import licences are going to be granted under subsection (b) will ensure the best possible supply and distribution of that article? How is the granting of a licence going to improve the situation beyond the position which would be obtained if a person were free to import it without a licence?

Mr. Dickey: I am informed in some instances it is necessary to establish a quota, that is a ceiling, on imports. For that reason an article would be included in the list.

Mr. Cameron (Nanaimo): I would point out that the purpose of paragraph (a) is to ensure the best possible supply. Presumably that would be the most plentiful supply.

Mr. Dickey: Perhaps, Mr. Chairman, I could explain by giving the hon. member an example. When sulphur was in short supply in the world it was placed on the list of imports and permits were granted in order to see that sulphur got to the essential users, for instance, defence industries and that sort of thing.

Mr. Cameron (Nanaimo): So it was not to control the import; it was to control the distribution after it came into the country?

Mr. Dickey: No, it was to control imports as well because there was an international arrangement with respect to the distribution of the world supply of sulphur.

Mr. Macdonnell: I want to say a word about clause 5 dealing with imports. I think the case for exports, prima facie, seems reasonable. We all recognize the necessity of restricting the export of strategic materials. I find myself, therefore, somewhat sympathetic to the export part of this bill. However, to use a slang phrase, I am absolutely from Missouri with regard to the import part of it.

The clause, of course, begins with these words to which we have grown so accustomed that even we in the opposition do not resist them as much as we should. It reads:

> The governor in council may establish a list of goods, to be called an import control list, including therein any article the import of which he deems it necessary to control for any of the following purposes . . .

I want to recall to our minds what these very simple words mean, because we are apt to forget. What that means is that four

men, because I understand that four is a quorum of the cabinet, can establish a list of goods and put on a restriction against the import of them. It means if you are in the importing business your business can be ruined by a decision of which you know nothing, and of which there is no publicity until it suddenly comes down on you. Then, you find you are the victim of it. There is no appeal from it.

We all know there have to be orders in council, but I do not think we should allow ourselves to take them as the ordinary course of business. I think we should always expect to be satisfied how far they are necessary. Let us look at this clause on that basis. I noticed that in his remarks on March 16, page 3067 of *Hansard,* the parliamentary assistant seemed to take for granted that he needed to say nothing about paragraphs (a) and (b) of this clause. He confined himself almost entirely to paragraph (c), which is new. I read what he said:

Mr. Knowles: It is ten o'clock; how about reading it tomorrow.

Clause stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow we shall take third reading of the bill to extend the time of the Emergency Gold Mining Assistance Act; then continue this debate and then take the bill having to do with fire losses on government property; then in committee of supply and take mines and technical surveys.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, March 19, 1954

The house met at 2.30 p.m.

STANDING ORDERS

Third report of standing committee on standing orders.—Mr. Harrison.

SUPPLEMENTARY ESTIMATES, 1953-1954

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1954, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

NATIONAL HOUSING ACT, 1954

TABLING OF ORDER IN COUNCIL PROCLAIMING ACT AS OF MONDAY, MARCH 22, 1954

Hon. Robert H. Winters (Minister of Public Works): Mr. Speaker, I wish to table order in council P.C. 408 which proclaims the National Housing Act, 1954, as of Monday, March 22, 1954. I am also tabling a copy of the regulations under P.C. 409 as well as P.C. 410 setting forth the interest rates. The maximum rate of interest for insured mortgage loans has been established at 5½ per cent. In respect of rental insurance loans, the same rate applies. The interest rate for limited dividend companies remains unchanged at 3¾ per cent. The maximum level of loans for home ownership has been established at $12,800 for a single house and $15,300 for a duplex exclusive of the insurance premium. Regulations for the operation of the act have been established and the form of mortgage deeds has been determined. There is provision that prepaid monthly tax instalments in the hands of the approved lenders shall bear interest at the savings account rate of the chartered banks. Explanatory leaflets and forms are being distributed so that the new legislation may be operative next Monday morning.

Mr. Fleming: May I ask the minister when copies of the regulations will be available for distribution?

Mr. Winters: I think they could be made available almost immediately. I will endeavour to see that they are available Monday.

INCREASE IN MAXIMUM WHERE SERVICES SUPPLIED

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to ask a question of the Minister of Public Works with reference to a statement he made earlier this afternoon. Will the minister say whether consideration will be given to increasing the maximum amount in cases where municipalities contract with other subdividers for the purpose of putting in services, such maximum to be increased by a relative amount for each piece of property.

Hon. Robert H. Winters (Minister of Public Works): That is a matter I shall have to take into consideration.

PRIVATE BILL

FIRST READING—SENATE BILL

Bill No. 378, to incorporate North American Baptists Inc., (Canada).—Mr. James.

EXTERNAL AFFAIRS

SENATOR MCCARTHY—REPRESENTATIONS TO UNITED STATES GOVERNMENT ON PROPOSED VISIT

On the orders of the day:

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, yesterday the Leader of the Opposition (Mr. Drew) put to me the following question:

> Will the Prime Minister consider the advisability of indicating to the appropriate representatives of the government of the United States how unfortunate it would be if a man holding an official appointment under the congress of the United States came here to discuss United States political affairs, as it is proposed Senator McCarthy will on April 20?

I stated then that I would have inquiries made about the facts, and I have done so. The answer to the question is as follows: The government of Canada has no information about any visit by Senator McCarthy to Canada except for press reports which seem to indicate that some private individual or group in Toronto have asked or are considering asking him to visit Toronto. There is nothing in our law to prevent such an invitation being extended to or accepted by any citizen of the United States who is not barred from Canada by the provisions of the

Immigration Act. I feel it would be completely inappropriate for the government of Canada to make any representation about a matter of this kind to the government of the United States.

Mr. Drew: I would point out to the Prime Minister that reports indicated certain possible requests to the Royal Canadian Mounted Police and other details of that kind. I recognize that there would and could be no suggestion of refusing entry to any citizen of the United States. The question was directed to the possibility that, having regard to the circumstances, some indication might be made that our relationships would be best served by discussions of this kind on the other side of the line.

Mr. St. Laurent: Frequently invitations come to Canadians to visit places in the United States and to speak there, and I think it would be quite unusual and quite unfortunate if there were any attempt by either government to censor what might be said by a person who receives and accepts such an invitation. I know that Canadians who receive and accept such invitations are conscious of the delicacy of their position, and I would hope that any citizen of the United States who received and accepted an invitation to speak in Canada would be equally conscious of the delicacy of the situation that might be created if he went beyond what would be generally looked upon as reasonable bounds.

INQUIRY AS TO ENTRY OF RUSSIAN ARTISTS INTO CANADA

On the orders of the day:

Mr. John Decore (Vegreville): In the absence of the Secretary of State for External Affairs, may I direct this question to the Minister of Citizenship and Immigration? Is the minister aware of a statement recently made in Toronto by the Russian ambassador to the effect that the soviet government has gladly accepted the invitation from the Canadian soviet friendship society to Russian singers, violinists, ballerinas and other artists? If so, is it the intention of the government to allow these people, who are so anxious to charm us with their music, entry into Canada?

Hon. W. E. Harris (Minister of Citizenship and Immigration): The soviet government did make application, Mr. Speaker, for a temporary visa for the people mentioned by the hon. member for Vegreville. As is our custom under these circumstances, we asked for information about the artists and the purpose of their trip to Canada. That information has not yet been received, and until it has been received no decision will be made.

TRADE

REPORT ON CONFERENCE AT WASHINGTON

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): May I ask the Minister of Trade and Commerce if he will give the house some report on the conference held at Washington this week between representatives of the Canadian government and representatives of the United States government, and in particular tell the house what agreements or undertakings were entered into on behalf of either of the countries with respect to trade in any of its aspects?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am glad to take this opportunity to tell hon. members something about the meeting. I consider it a very important meeting indeed. I believe it is the first occasion on which four senior cabinet ministers of the United States have met with four members of the Canadian government to discuss matters of common interest in the field of economics. I think that the meetings were summed up very well by the communique issued at their conclusion, which I have not seen published in full in the Canadian press. I suggest that the reading of that communique may give my hon. friend the answers that he requires. It reads as follows:

The first meeting of the joint United States-Canadian committee on trade and economic affairs was held in Washington on the 16th of March. The United States was represented by Hon. John Foster Dulles, Secretary of State, Hon. George M. Humphrey, Secretary of the Treasury, Hon. Ezra Taft Benson, Secretary of Agriculture and Hon. Sinclair Weeks, Secretary of Commerce. Canada was represented by Right Hon. C. D. Howe, Minister of Trade and Commerce and Defence Production, Right Hon. James G. Gardiner, Minister of Agriculture, Hon. Douglas Abbott, Minister of Finance—

Some hon. Members: Oh, oh.

Mr. Howe (Port Arthur): Did I slip?

Mr. Argue: Years ago.

Mr. Howe (Port Arthur): I continue:

—and Hon. L. B. Pearson, Secretary of State for External Affairs. In addition to the members of the joint committee, Governor Adams, the assistant to the President, the Hon. Douglas Stuart, United States ambassador to Canada and Dr. Gabriel Hauge, economic assistant to the president, participated in the discussions.

The purpose of the meeting was to provide an opportunity for United States and Canadian ministers to examine the trade and economic problems that are common to both countries.

The ministers noted that the flow of trade between Canada and the United States is greater than that between any other two countries. They discussed

various aspects of present trade relations and agreed on the desirability of avoiding any action which would interfere with this trade from which the two countries derive such great benefits.

Since the common economic problems of Canada and the United States can be solved with greatest success in a world where the volume of trade is steady and increasing and where exchange arrangements are of a kind to facilitate such growth, consideration was given through the discussions to the need for action towards freer trade and payments on a broad front. It was agreed that few things would contribute more to the well-being and stability of the free nations of the world than a forward move in this direction. The need for such progress seemed all the greater at a time when many western countries are faced with the necessity of supporting effective defence programs over a long period.

The United States and Canadian ministers found encouragement in many of the economic developments that have taken place over the past year. They noted that the gold and dollar reserves of other countries generally have been rising; that there has been a marked improvement in the internal economic stability of many countries; and that these favourable developments have made possible some relaxation of import restrictions. Nevertheless, it was agreed that the recovery to economic health has not progressed equally for all countries. What is needed, it was concluded, is the creation of a more flexible system of trade and payments throughout the world which would offer greater resilience to changing circumstances and which would contribute dynamically towards rising standards of living. It was agreed that much of the necessary preparation for such an advance has already been accomplished by the work of the commission on foreign economic policy in the United States, by the proposals of the commonwealth economic conference, and by discussions within the organization for European economic co-operation.

In the meantime, it was agreed that it is essential that pressing, but possibly temporary, economic problems should not be solved by expedients which might make more difficult the advance on a broad front that was held to be necessary. One immediate problem which received close consideration was that raised by the accumulation of large agricultural surpluses. Special incentives and favourable weather conditions have operated in varying degrees to enlarge these surpluses. The ministers of both countries recognized that if surpluses were to be disposed of without regard to the impact on normal trade great damage might be done not only to the commerce of Canada and the United States but also to the world economy. The ministers reaffirmed that it is the continuing policy of their respective governments, in disposing of agricultural surpluses abroad, to consult with interested countries and not to interfere with normal commercial marketings. They stated that it is their settled intention that any extraordinary measures that might be adopted to reduce surpluses should result in greater consumption and should augment, and not displace, normal quantities of agricultural products entering into world trade.

In advancing toward a freer system of world trade and payments, it was agreed that existing international organizations would continue to play an important role. The valuable work already done by the international monetary fund, the international bank and the contracting parties of the general agreement on tariffs and trade was recognized. Ministers noted with satisfaction the arrangements which have recently been made within the fund to enable its resources to be used more effectively. Acknowledgment was also made of the useful service that has been performed by GATT in developing a code of commercial conduct and in providing a forum where multilateral tariff agreements could be negotiated and where the problems of commercial policy could be discussed.

It was appreciated that it is for countries whose currencies are now inconvertible to decide when and under what circumstances they might wish to make them convertible. It was also realized that enlightened economic policies on the part of the United States and Canada will materially contribute to establishing and maintaining broader freedom of trade and payments throughout the world. Because of the importance of that objective, the United States and Canadian ministers warmly welcomed the evidence of a desire in many countries to take decisive steps toward the restoration of a broad area of convertibility, and expressed a willingness to do their part to help in making such a movement successful.

The discussions at this meeting of the joint committee were marked by the friendliness and candor which are characteristic of relations between the two countries. At the invitation of the Canadian ministers the second meeting of the joint committee will be held in Ottawa.

Mr. Fleming: May I ask the minister for some more specific information following the rather general statement which he has read. What steps, if any, have been undertaken with respect to removing the effect of breaches that have occurred thus far on the part of the United States congress in the letter and spirit of the general agreement on tariffs and trade, and also specifically what measures are likely to be taken in the reasonably near future with respect to the matter of convertibility?

Mr. Howe (Port Arthur): Well, Mr. Speaker, the hon. member refers to many violations of the agreement on the part of the United States. I know only one that can be considered a violation, and that was not of tremendous importance to Canada. I am speaking of the dairy products quota. It is my hope that future action in that direction can be avoided by neither party taking any action that will be in violation of the GATT agreement.

Mr. Fleming: The minister did not deal with the second part of my question, nor did he get the full purport of my question. I was not speaking of future breaches of GATT. I was talking about the possibility of taking steps to correct the breach the minister referred to, the restriction on the importation of dairy products from Canada. The second matter was the matter he mentioned in his speech, namely convertibility, and I would ask him if he could tell us more specifically what steps are contemplated in that direction?

Mr. Howe (Port Arthur): So far as the first question is concerned, no steps were taken to deal with dairy products. This was an exploratory meeting. I know of no way in which a meeting of that kind could reverse an act of congress.

So far as the second question is concerned, the conference made known to all the world that it considered that steps to convertibility might be taken according to the timing set by other countries, and that when convertibility was undertaken by any country co-operation from the United States and Canada would be forthcoming.

WHEAT

INQUIRY AS TO UNITED STATES GIFT TO JAPAN

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I wonder whether the minister could tell the house whether he learned if the United States is proceeding with the reported gift of 500,000 tons of wheat to Japan, and whether as a result of the conference there will be co-operation between Canada and the United States in sharing the Japanese market for grain?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The United States informed Canada some weeks ago that they considered the food situation in Japan would warrant a gift of wheat and barley under section 550, and asked if we had objections. We said that we were negotiating with Japan and we had objections at that time, but the objections might be removed by further negotiations. Our negotiations reached the point where a commitment by Japan for wheat from Canada in 1954 and 1955 was considered satisfactory. We then told the United States we had no objection to their proceeding with the gift.

Mr. Argue: Would the minister say what the Japanese commitment to buy Canadian wheat is?

Mr. Howe (Port Arthur): No, I could not say that.

[*Later:*]

APPLICATION TO DEFENCE CONTRACTS OF SALES OUTSIDE INTERNATIONAL AGREEMENT

Mr. J. G. Diefenbaker (Prince Albert): I should like to ask a further question of the Minister of Trade and Commerce. Is he in a position to say the degree to which, as a result of this meeting, it is expected markets will be found for surpluses of wheat; and, in particular, will he find out whether or not the United States is now selling wheat to countries outside the international wheat agreement below prices fixed by the international wheat agreement, and in some cases by accepting foreign currency, or applying credits for wheat sold to defence projects in some of the countries. Would he say something about the wheat situation?

[Mr. Howe (Port Arthur).]

Right Hon. C. D. Howe (Minister of Trade and Commerce): All I can say about the wheat situation is that while the volume of wheat moving into world export channels is lower than it was a year ago, Canada seems to be holding its share proportionately of the wheat that is being exported to world markets.

The United States makes it a practice to consult us about any sale that is made at other than standard terms, either inside or outside the wheat agreement. We have found that there have been few occasions where we could have any reasonable objection to the proposal that was made to us. Where we have objected to a transaction, satisfactory arrangements have been worked out. I may say I have no knowledge of any sale, either inside or outside the agreement, made on a dollar basis, that has not reflected prices that were generally competitive.

Mr. Diefenbaker: Would the minister say the nature of the transaction to which objection was raised, and where the United States agreed, after objection was raised, to drop the sale the United States had in mind?

Mr. Howe (Port Arthur): Sales under section 550 of the mutual security act which provides that surpluses can be given to countries in need of wheat to meet the disaster of famine needs. The argument was whether the countries were really in need of wheat for such purposes, or whether wheat should be offered to them as a standard commercial transaction.

FARM STORAGE—INQUIRY AS TO PAYMENT

On the orders of the day:

Mr. G. H. Castleden (Yorkton): I should like to direct a question to the Minister of Trade and Commerce with regard to the prairie farmer who finds himself unable to deliver any of his grain. Is consideration being given to making advances through the wheat board to the farmer on properly stored farm grain, in order to relieve the critical financial situation now developing in the prairie provinces?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The answer is no.

COMBINES INVESTIGATION ACT

RESALE PRICE MAINTENANCE—EDITORIAL IN FINANCIAL TIMES

On the orders of the day:

Mr. Angus MacInnis (Vancouver-Kingsway): I should like to direct a question to the Minister of Justice. Has the minister

seen an editorial in the *Financial Times* of today's date dealing with recent price fixing legislation passed by this house, and stating that in the case of the vast majority of nationally advertised goods price fixing is still continuing?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank my hon. friend for having given me notice of this question, and also for having sent to me a clipping of this editorial upon which in his notice he had asked me to comment. My first reaction after reading the editorial as a whole was that it did not deserve or require comment. But I think perhaps, out of courtesy to the hon. member for Vancouver-Kingsway, that I might offer this comment.

One of the functions of the present inquiry into loss leader selling is to consider the large number of complaints that have been received about price reductions in the sales of many nationally advertised goods. These price reductions are attributed, by the merchants who have made these complaints, to our federal legislation prohibiting resale price maintenance. I feel, therefore, that these complaints contradict rather conclusively the main contention of the *Financial Times* editorial.

BRIDGES

BURLINGTON CANAL—INQUIRY AS TO FEDERAL PARTICIPATION IN CONSTRUCTION

On the orders of the day:

Mr. F. E. Lennard (Wentworth): I should like to direct a question to the Minister of Public Works. What progress has been made between the federal government and the Ontario government on plans for construction of the proposed new overhead highway bridge over the Burlington canal at Hamilton beach?

Hon. Robert H. Winters (Minister of Public Works): The Ontario government has now submitted sketch plans of a proposed high level bridge over the Burlington canal, and we are actively considering the request for the federal government's financial participation in the project.

PUBLIC BUILDINGS

VANCOUVER POST OFFICE—FINISHING MARBLE

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Is the Minister of Public Works in a position as yet to answer a question I asked him two days ago concerning the possible use of marble from Italy in the new Vancouver post office?

Hon. Robert H. Winters (Minister of Public Works): Yes, marble is being used in the Vancouver post office interior to finish columns and walls. The specification is for imported marbles, in the main Italian, because of colour and patterning required. A considerable amount of the marble used will be domestic. The tenders for this building were just received last Wednesday. The information has not as yet been obtained from the lowest tenderer as to what prices or materials he has included in his bulk tender for this particular trade.

LABOUR CONDITIONS

LABOUR FORCE SURVEY—FEBRUARY FIGURES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of Labour, notice of which I sent him in the hope that he might be able to answer it today. Since the minister was able to give the house on February 15 the results of the labour force survey for January, could he now give us the comparable figures for February, including the total number of persons now seeking employment in Canada?

Hon. Milton F. Gregg (Minister of Labour): No, Mr. Speaker, I am not able to do so. And I might add that, since receiving notice of my hon. friend's question at lunch time, I did get in touch with officials who are responsible for the preparation of the monthly statistics on unemployment, and I am informed by them that they will be able to have the joint March release of statistics on unemployment available at about the same time, namely the 25th of the month, as they did with the report which was issued in the month of February.

Mr. Alistair Stewart (Winnipeg North): May I ask a supplementary question? Is the government's inability to give a figure due to by-elections next week?

Mr. Gregg: If my hon. friend infers, as was implied in the *Gazette* this morning, that there has been any effort at all to delay these figures, due to any by-elections, then I deny it outright.

HOUSE OF COMMONS

MINISTER OF TRADE AND COMMERCE—RADIO QUIZ PROGRAM

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): May I ask the Minister of Trade and Commerce this question: Is his happier-than-usual expression due to the ending this morning of the lengthy radio contest—

Inquiries of the Ministry

Some hon. Members: Order.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Yes.

Mr. Nickle: I might say I was wondering about that, because the answer was the one I gave to the house on February 23.

PACIFIC GREAT EASTERN RAILWAY

FEDERAL AID FOR EXTENSION OF FACILITIES

On the orders of the day:

Mr. B. R. Leboe (Cariboo): Mr. Speaker, I should like to ask a question of the Minister of Transport. Has the government arrived at a decision in respect to aid to the British Columbia government for the extending of the Pacific Great Eastern Railway? If not, when will the minister be able to make a statement regarding the giving of such aid?

Hon. Lionel Chevrier (Minister of Transport): The answer to the question is that the minister is not aware of any application having been made for aid from that quarter. Until it has been made, there will be no opportunity for rendering a decision.

[*Later:*]

Mr. E. D. Fulton (Kamloops): May I ask a question of the Prime Minister (Mr. St. Laurent) arising out of the answer given by the Minister of Transport to the hon. member for Cariboo (Mr. Leboe). Did not the premier of British Columbia make a submission requesting financial aid, among other things for the Pacific Great Eastern Railway, when he was down here to interview the federal government before Christmas?

Mr. Chevrier: If the Prime Minister will allow me to answer, I would say that the brief that was presented by the premier of British Columbia, and those associated with him, was a very long brief—if I remember correctly it was thirty or forty pages long—having to do with proposals, not only concerning the railways but other matters. In my capacity as head of the Department of Transport, I did not consider that as an application for aid in connection with the project he has in mind to extend the Pacific Great Eastern Railway from Squamish to Vancouver. And I am sure, from conversations I had with him afterwards, neither did he consider it as such. I understood from him that if there was an application to be made it would be made in due course; and it has not yet been made.

[Mr Nickle.]

GRAIN

INCREASE IN DELIVERY QUOTAS

On the orders of the day:

Mr. H. R. Argue (Assiniboia): I should like to ask the Minister of Trade and Commerce whether he can say when producers may expect an increase in grain delivery quotas, and what proportion of marketing points are still on a five bushel quota.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Some progress is being made toward larger quotas. Unfortunately, as I pointed out earlier, the movement of wheat has been concentrated toward the Pacific coast, so that the situation is easier in Alberta than in the other provinces. But we have increased the quotas to seven bushels per specified acre at seven points in Manitoba, three in Saskatchewan and twenty-four in Alberta. We have increased the quota to six bushels per specified acre at twenty-two points in Manitoba, twenty-three points in Saskatchewan and fifty-nine points in Alberta. It is anticipated that further increases in quotas will be announced as space in the elevators warrants.

Mr. Argue: Would that be within the next couple of weeks?

Mr. Howe (Port Arthur): The increases before mentioned have been made operative.

EMERGENCY GOLD MINING ASSISTANCE ACT

EXTENSION OF APPLICATION TO 1954

Hon. George Prudham (Minister of Mines and Technical Surveys) moved the third reading of Bill No. 376, to amend the Emergency Gold Mining Assistance Act.

Mr. Rodney Adamson (York West): Mr. Speaker, before this bill passes, and in order to make the position absolutely clear, I wish to make a brief statement.

Gold is money. Money is of value because it is freely convertible into goods and services, by direct exchange. For gold to fulfil its major function, it must be made freely exchangeable into goods or services by the same simple operation based on agreement between buyer and seller. This is the essential qualification of the free market. It is the basic law of the capitalist or free economy.

It is my contention that the problem of gold will not be solved until this is brought about.

Motion agreed to and bill read the third time and passed.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

The house resumed, from Thursday, March 18, consideration in committee of Bill No. 374, to control export and import of strategic materials—Mr. Howe (Port Arthur)—Mr. Robinson (Simcoe East) in the chair.

On clause 5—*Import list of goods.*

Mr. Macdonnell: When the committee rose last night I had made a few remarks with regard to this clause and I had drawn the attention of the committee to the fact that here again we are up against the problem to which we have grown so accustomed, namely, handing over power in large instalments to the executive. I wondered last night whether perhaps I am getting a little bit hipped on this. I am quite sure many people in the committee think I am, but I must confess that, for some reason I am not quite able to explain, it did hit me last night in a much more emphatic way than it has for some time; and I might have come today in a repentant mood, Mr. Chairman, I might have come and almost apologized for what I said last night, if it had not been that in the interval there came into my hands a book on parliament called "The Passing of Parliament", written by a man who would appear to be a responsible authority and whose words might command some attention. He is Professor G. W. Keeton, professor of English law at University College, London. As I read what he had to say about the passing of parliament, and particularly the words that I am going to ask the committee to listen to—those who are interested in this—

The Chairman: Order.

Mr. Macdonnell: —I came across these words, and as I say they struck me, and I wish to put them before the committee. You may ask, Mr. Chairman, what I think is going to happen from this, and I would not be so sanguine as to say that it is going to have very much result; but we in the opposition have to go ahead hammering on what we consider to be important, perhaps hoping that we may attract the attention of the public. Sometimes, after perhaps a year of what seems complete frustration, we do attract interest outside this house, and it is in the hope that I may do that that I read these words. I recall to the committee, Mr. Chairman, that they seem to come from a respectable and thoughtful source. I recall they are written about the mother of parliaments, which Tennyson, I suppose, had in mind when he said about his native land:

> A land of settled government,
> A land of just and old renown,
> Where freedom slowly broadens down
> From precedent to precedent.

I am going to read from a man who is apparently afraid that freedom is not broadening down at the moment; that it is actually in danger, and it is because of that I am asking you to listen to these words. I read from "The Passing of Parliament" at page 199:

> The problem which faces all peoples which are still attached to the democratic way of life is to find some means of curbing the power of the executive, and preventing it from usurping the entire functions of government.

The Chairman: Order. I have been listening for some minutes and wondering whether the hon. gentleman heard me when I said we were discussing clause 5 of this bill.

Mr. Macdonnell: You are the chairman, sir, but I suggest that clause 5 introduces the principle that we have so often had here as to how much power is to be handed over to the executive. If I am right in that, then I suggest that comments from worth-while authorities as to the relationship between the executive and us who are in the legislature is relevant. I defer to your ruling, Mr. Chairman.

The Chairman: Order. I should think it would be relevant to discuss the clause which reads in part:

> The governor in council may establish a list of goods—

I should think relevancy would be, for instance, in discussing the list or the advisability of establishing the list.

Mr. Macdonnell: Mr. Chairman, I submit, and I am going to suggest, that no reason has been given us for the first two subclauses of this bill, and that the reasons given seven years ago are irrelevant.

I again submit it is relevant to raise the question as to the need for the powers. This clause is really asking extraordinary powers. I hope to be able to convince the committee, or I shall try to convince the committee, that these powers are not necessary. I believe the situation has greatly changed since 1947, and we are happy that it should be so. I believe we shall find that not very much action has had to be taken under these powers in the last year or two. I come back, Mr. Chairman, and suggest that I believe it is relevant to consider the whole question of

handing over to the legislative branch of government the power to act by order in council.

The Chairman: No; I am sorry, but I do not think I should allow the hon. gentleman to open up a broad subject of that kind. The discussion in committee must be relevant to the clause, and I would ask the hon. gentleman to confine himself to a discussion of the clause under consideration.

Mr. Macdonnell: I will defer to your ruling, of course, Mr. Chairman. I now want to read clause 5 and I shall then read what the parliamentary assistant gave to us in explanation of it. Clause 5 reads as follows:

> The governor in council may establish a list of goods, to be called an import control list, including therein any article the import of which he deems it necessary to control for any of the following purposes, namely,
>
> (a) to ensure, in accordance with the needs of Canada, the best possible supply and distribution of an article that is scarce in world markets or is subject to governmental controls in the countries of origin or to allocation by intergovernmental arrangement;
>
> (b) to implement any action taken under the Agricultural Prices Support Act, the Fisheries Prices Support Act, the Agricultural Products Co-operative Marketing Act or the Agricultural Products Board Act, to support the price of the article or that has the effect of supporting the price of the article; or
>
> (c) to implement an intergovernmental arrangement or commitment.

I now wish to draw to the attention of the committee the remarks made at page 3067 of *Hansard* by the parliamentary assistant, as follows:

> The provisions of this bill, Mr. Speaker, with regard to the control of imports, differ from those in the existing act only in that the purposes for which import control may be exercised, as set out in section 5, include specific authority "to implement an intergovernmental arrangement or commitment." This change is being made to define more clearly the power that is required from time to time to carry out arrangements with other countries, particularly with the United States. It is preferable on occasion that we control our imports at the request of the United States, rather than leave it to the United States to impose export controls on shipments to Canada.

With reference to paragraph (c) of the measure, to which I shall return in a moment, I would just like to point out the extraordinary, unlimited range in this paragraph. The parliamentary assistant did not make any comment on paragraphs (a) and (b). I quite understand that, because they are not new paragraphs, and he probably feels that the reasoning which was used at the time the measure was passed would still be valid.

I would earnestly suggest, Mr. Chairman, that the situation has changed vastly since then. I now wish to read what was said by the then minister of trade and commerce, and I hope the parliamentary assistant will agree that the reasons given there are largely if not utterly inapplicable now. I wish to read from page 568 of *Hansard* for 1947, volume I:

> The provisions in respect of import control are equally necessary, though there may not be quite as general an understanding of the reasons therefor. In some instances the major supplying countries of a given commodity have taken control of its distribution and stipulate that an importing country, in order to receive an allocation, must agree to import no more than a stated quantity. Such a situation may arise from an international allocation of goods in short supply, such as the present international authority dealing with edible oils and fats. Alternatively, it may arise from one or more countries deciding to market a commodity by making allocations to the various importing countries. Where such an allocation is made it is necessary for us to ensure that the limited quota available to Canada is not acquired by a few of the bigger users, at the expense of smaller consumers. It should be noted that the supplying country, in many of these instances, establishes a fixed quantity for Canada, but it is no concern of theirs as to how fairly the share allotted to Canada is distributed among the Canadian interests that require supplies. That is something that Canada must look after herself.

I believe the parliamentary assistant will agree that much of what is said there is quite inapplicable in regard to the present situation. Indeed, I believe he will agree it is entirely inapplicable. For, whatever reasons have been used to place articles on the list within the last few years, it has not been these reasons. I hope the parliamentary assistant will be able to explain that.

As far as I can see we have no explanation for the continuation of paragraphs (a) and (b). Indeed, it would seem from an examination of the export and import control board reports that they have no relationship whatever, particularly to paragraph (a).

I would like to read the new paragraph (c) and to ask the committee to consider very carefully the wording. If you had allowed me to read that passage I intended to read, Mr. Chairman, which is full of interest, then what I am now going to read would have been of much greater interest to the committee. However, I am sure you would not allow me to take up the time of the committee now on that point. The wording of paragraph (c) is as follows:

> to implement an intergovernmental arrangement or commitment.

That is broad enough, but it does not say how that commitment is to be made, nor does it define in that paragraph what an intergovernmental commitment is, though I notice that the definition section says the minister means "the Minister of Trade and Commerce" and:

> includes any person authorized by him to perform his functions under this act;

In other words, as far as I can see, an intergovernmental arrangement or commitment can even be made by telephone. I do

not see any reason why it could not. I do not know whether it could be made by the proper official. But again I do not see any reason why it could not, particularly when you consider the power that is being sought under this act. It appears to mean that the proper officials can take actions which really mean, in effect, that in respect of the action taken the tariff arrived at by a process of careful debate in this house ceases to matter, because what is the use of having a tariff if you say this or that article may not be imported at all?

That, Mr. Chairman, seems to me an extraordinary power for the government to seek. As I said before, it nullifies the tariff laws. It is really an unlimited power, as far as I can see. The paragraph "an intergovernmental arrangement or commitment" does not even say that it is limited to the effect of this clause. Lawyers might construe it that way, but the words are wide open. The parliamentary assistant himself, whom I would now like to quote, does nothing in any way to limit it. He says, as reported on page 3067 of *Hansard* of March 16, 1954:

> . . . the power that is required from time to time to carry out arrangements with other countries, particularly with the United States.

I do not wish to labour the point, Mr. Chairman, but I feel the powers asked for here are unprecedented. I do not like to use the word "unprecedented" because someone may drag up a precedent which is very strong. However many precedents there may be, I do feel the clause confers extraordinary powers. It is quite unlimited and unless the parliamentary assistant can suggest how it is limited we are, in effect, being asked to hand over this power to the executive, which means that four men sitting together can exercise this power and bind the people of Canada.

I have read what was said in introducing this measure years ago. I have argued that by no stretch of the imagination have we a situation which corresponds with that, or comes anywhere near approaching it. The report of the import and export control board for 1952 states that one of the things which was done by the order in council at the request of the United States authorities was adding non-ferrous metal scrap in order to control imports from the United States.

I would ask the parliamentary assistant to tell me by what stretch of the imagination that came in under the act as it was before. I am not able to think of anything which confers the power to do that, as the act was constructed before. I am ready to be corrected, but I assume the feeling that the government did not have the power is the reason for putting this clause in the bill now.

As I said before, Mr. Chairman, we have got used to this kind of legislation. We know the Minister of Trade and Commerce does not need legislation. He simply says, "Who would stop us?" We know he said in this house not long ago as reported on page 4197 of *Hansard*, April 21, 1953:

> If we have overstepped our powers, I make no apology for having done so.

I must admit, however, that other ministers are more considerate. They do come here and they do allow us to pass legislation. They, at least, allow us to be present at our own funeral and they allow us to be the instrument of our own degradation. If we pass this legislation we hand over this power to a government which is supported enthusiastically on the other side of the house and by some of my hon. friends on my right.

Again, Mr. Chairman, I stress the unlimited power in paragraph (c). There is no suggestion of any limitation. With regard particularly to paragraph (a), no reason whatever has been given for passing it. I suggest to the parliamentary assistant that the reason used by his predecessor in 1947 is no justification whatsoever, and in particular I would ask him to give us some account of how this section is being used at the present time, or whether in fact it has practically petered out. I would also like to know if, in fact, the reasons for which it was originally instituted have disappeared, and whether it is now being used, as I suggest, for purposes completely different from those originally put before us. I believe that is a fair statement, but I am open to correction.

As I read these reports of the committee, I ask myself where they spell out in the act the things it has done. If that is so, I suggest that this section should not be passed. I hope that the parliamentary assistant will be able to answer some of these questions.

Before I take my seat I just want to say that if in fact it turns out on this account that this section has almost passed into disuse, I hope that we shall not be asked to pass it just because it is nice to have lots of power lying around. This gentleman in England whom I was not allowed to quote has pointed out at page 200 that you could have not only departmental regulations but even departmental circulars acquiring the force of law. I suggest that we should not slip any further in that direction and that this section as it stands at present should not be passed.

Mr. Argue: Before the parliamentary assistant replies to the hon. member for Greenwood I should like to comment on the statement that has just been made. If the hon. member for Greenwood and the members of the Conservative party are so strongly opposed to clause 5, it seems to me that the thing for them to do, in order to be consistent, is to call for a vote and to record their opposition to clause 5. If such a vote were called I think I would be prepared to support clause 5, because when I asked the parliamentary assistant last evening whether subclause (a) or subclause (b) was now being used, he replied that (b) was being used in the case of import control of butter. If this section were being used only for such a purpose, I think it would be of sufficient value to be retained. Of the stability measures the government has used in recent years one of the few that have really worked has been this program in relation to stabilizing butter prices. If this section should be taken out, I ask the parliamentary assistant whether that means that the government would then have no power to control the importation of butter into Canada. If that should be the situation—

Mr. Macdonnell: May I ask the hon. member a question?

Mr. Argue: Yes.

Mr. Macdonnell: Would the hon. member not agree that it is better to have butter kept out by direct, open law than by indirect use of a statute which was probably never intended for that purpose?

Mr. Argue: I am not too sure whether I know what indirect law is as opposed to direct law; but in any event, if this clause is passed, I think it will be law. As it reads, it says that the government has power under this act to set up an import control list to carry out the purposes of the Agricultural Prices Support Act. I am not a lawyer but, speaking as a producer, if this type of law achieves a useful purpose, namely to stabilize prices for the dairy industry with regard to butter, it would seem to me that we should be extremely careful in tampering with it and that we should not oppose it. If, without this section, there should be no law that would control the importation of butter into Canada, it would mean chaos to the dairy industry. Production goes up in spring and early summer; and with a surplus of butter, the price would go down at an alarming rate. Following that event, with the drop in production of butter in the wintertime, the price of butter would go up probably by a similar amount and we would have the old cyclical fluctuations in butter prices that I think have been of value neither to the producer nor to the consumer. My question to the parliamentary assistant therefore is this. Is this section necessary in order to carry out the government's program to stabilize butter prices?

Mr. Dickey: Perhaps I might first of all answer the direct question asked by the hon. member for Greenwood in connection with non-ferrous scrap. He asked under what power in the Export and Import Permits Act import permits were issued in that connection. The power is in section 4 (a) of the Export and Import Permits Act which contains the words "or governmental controls in the countries of origin". Import permits in connection with non-ferrous scrap were required because of government control in the United States which made it necessary for a Canadian importer to have a permit from Canada to import the scrap in order to effect his purchase in the United States and to get his export approved from that country.

The hon. member for Greenwood has raised a question of importance and one that the committee properly should consider carefully, namely the justification for the passage of this section which gives certain powers to be exercised by the governor in council. In particular, that power under this section will be to establish a list of goods which shall be called an import control list. The hon. member for Greenwood suggested that the arguments for the justification of similar powers which were contained in the Export and Import Permits Act—and which will be replaced by the bill now before the house if and when it receives parliamentary assent—do not now apply. He quoted some of those arguments in favour of the granting of the powers at that time and has suggested that they do not apply. As a matter of fact I think he defied me to say that conditions had not changed and that these arguments still justified the inclusion of similar powers in the present act.

I would say to the hon. gentleman—and I hope he will agree with me—that the very reasons he has quoted justify the existence of some power of this kind which can be used when required. For example, in his quotations he referred to situations of shortage of a particular import in the country of origin. Mr. Chairman, when a situation of shortage exists in the country of origin, we have found that the practice of that country usually is to make certain restrictions on the export of that commodity and to require certain assurances from any importing country that the particular material is going to be used for a proper and, in some instances, for an essential purpose. The

usual means employed by importing countries to give that assurance is the issuance by themselves of an import permit to the national of their country who wishes to purchase in the foreign country and to import.

Mr. Macdonnell: I appreciate that. Will the parliamentary assistant permit a question?

Mr. Dickey: Yes.

Mr. Macdonnell: Is it true to say that the situation which has just been described is much less than it was a year or two ago, that in fact there is practically none of that at the present moment?

Mr. Dickey: Yes, Mr. Chairman. As I said in the committee last night in answer to a question, there is no item which is under import control now under this subsection. The example I gave, and one that is relevant to the particular discussion we are having now, is sulphur and brimstone which was under import control for the very reasons we have been discussing. The situation of shortage has disappeared at the present time, but it might reappear for reasons quite beyond the control of the government of Canada or anybody in Canada. A similar situation might arise with respect to any one of a number of rather essential imports this country requires, and the Department of Trade and Commerce and the government have come to the conclusion that that is one reason why the existence of a power of this kind is still justified at the present time.

The hon. member referred to the very wide powers, to the existence of the power to create monopolies and to exercise discrimination. I think we will have to admit that in dealing with matters of this kind it is impossible to exclude completely possibilities of that kind. The hon. member referred to the four men in the back room, I think he said, as being able to exercise these powers and suggested that that brought thoughts to mind of the possibility of quite serious difficulties arising. In judging that, I think parliament is justified in looking at how the power has been exercised. I think that is a fair test. I think the hon. member will agree with that. He may argue with some justification that past performance is not a complete guarantee of what will happen in the future, but in coming to a reasonable and logical conclusion on a matter of this kind I do think that parliament and this committee are justified in looking at what the experience has been.

What has been the experience? As has already been pointed out by the hon. member for Assiniboia, the only item now subject to the exercise of these wide and sweeping powers is butter which is under import control by reason of the authority established under section 4 (b) of the Export and Import Permits Act now in force and which I believe is exactly similar in its terms to clause 5 (b) of the bill. It is a control that has been put into force under legislation specifically intended to effect the results that it is thought necessary to achieve, and was not, as I understood the hon. member for Greenwood to imply in his interjection or question, done under some act which was intended for another purpose. I do not think that is correct. It was done under a power that was intended for the specific purpose and to achieve the specific end that is in fact achieved.

The list of items that have from time to time been under import control during the whole existence of the Export and Import Permits Act is as follows: Iron and steel, shearlings—that is, sheepskins—sulphur and brimstone, to which we have already referred, butter, to which reference has already been made, livestock, meat and meat products, and non-ferrous metal scrap, to which reference has also already been made. I think the committee will realize, from a brief description of the circumstances under which these various items came under import control, the basic justification for the existence of powers of this kind which can be exercised when required.

Examples of import control under section 5 (a), which was referred to by the hon. member for Greenwood, are items which are included under international allocation by the international materials conference. An example of them is sulphur and brimstone. In order to carry out our obligations to limit the import of sulphur into this country, and in order to carry out our obligations to direct sulphur into essential industries within Canada, this item was put under import control on May 30, 1951. Immediately sulphur became in easier supply the control was lifted, on October 28, 1953.

Butter and meat products are examples of control under section 5 (b). Butter continues under control as the price is being supported under the Agricultural Prices Support Act. In his remarks a few moments ago the hon. member for Assiniboia indicated the essential nature of a control of that kind in order to make price support effective. Meat and meat products were placed under control on March 3, 1952, during the epidemic of foot-and-mouth disease inasmuch as we were supporting the prices of these products at that time under the Agricultural Prices Support Act as one of the essential means of dealing

with the very difficult situation that had arisen as a result of the outbreak of foot-and-mouth disease. This control was lifted on February 26, 1953, immediately the foreign markets we had previously enjoyed were again open to our products as a result of the elimination of the danger of contamination or infection of livestock in the United States by foot-and-mouth disease.

Examples of control under section 5 (c) would be—and I say "would be" as that particular section has not been enacted into law before—iron and steel, shearlings and non-ferrous metal scrap. These items were put under control under the present act during a period of world shortage when our principal supplier, the United States, was allocating supplies through the use of their export control mechanism. In order to avoid the imposition of export controls on United States goods moving into Canada, we undertook to control this movement through our own regulations. These items were removed from import control on January 7, 1953, April 4, 1952, and March 19, 1953, respectively. I might point out to the committee that Canada is, I think, the one nation that has not been subject to export controls from the United States. I believe that has been a very important factor in the maintenance of a high level of trade between Canada and the United States. I feel that few things contributed to that as importantly as the power that we had to impose controls ourselves rather than have them impose export controls upon us; that was a very important contributing factor indeed.

The final point made by the hon. member for Greenwood was to ask me whether or not the need for this power has disappeared, and to what extent that meant this power was being retained and re-enacted simply because it is nice to have powers. I can tell him that that is not correct. The limited use of those powers is not properly the test of the need of the powers, but it is a test of the manner in which the powers have been used. It indicates, I think, the restraint and the care that have been brought to the exercise of these powers. It is our firm belief, Mr. Chairman, that these powers should exist. I feel that the point the hon. member made is more an indication of the reason the committee should re-enact these powers that are necessary with some confidence that the same kind of restraint and care will be taken in their exercise in the future.

Mr. Macdonnell: I am grateful for the explanation given by the parliamentary assistant. I am glad to know, in particular, the restricted application he gives to paragraph (c). I understand him to have said that he regards paragraph (b) as necessary for the control of the import of butter. If that is the case, then I agree with him that paragraph is needed. I propose to move an amendment which I hope may be accepted. It is not of a controversial nature. We could vote on that, and when that is over, in view of what the minister has said about his belief that paragraph (b) is needed for the control of butter, we shall vote for it. This is my amendment, Mr. Chairman, and you will see it is designed to make sure that parliament is as fully informed as possible of the action taken.

The amendment reads:

That clause 5 of Bill No. 374 be amended by adding to both subclauses (a) and (c) at the end thereof the following words: "which shall be tabled in parliament within fifteen days of it being entered into if parliament is then in session or within fifteen days of the next following session of parliament if parliament is not then in session."

The Chairman: At this time I wish to thank the hon. member for Greenwood for sending up his amendment in typewritten form. It is of considerable assistance to the chair. Might I also make this suggestion, that hon. members might be kind enough to send to the Chair two copies of amendments because I am advised by the law clerk it assists him if he also has a copy.

Mr. Dickey: From the wording of the suggested amendment, I presume the hon. member for Greenwood intends to require the tabling of any intergovernmental arrangement or commitment within the time specified in the wording of the amendment. If that is correct, I am afraid I am advised the amendment could not be accepted.

The only intergovernmental arrangement or commitment that is in force so far as clause 3 of this bill is concerned is, I am advised, the United Nations resolution to which reference was made in the debate in committee last evening. In so far as paragraph (c) of clause 5 is concerned, there is no formal intergovernmental arrangement or commitment at present in force. Under clause 5 (a) there are some informal arrangements between governments which are not reduced to the form of a treaty or protocol or anything of that nature between the governments, but which are agreed upon between the responsible ministers of the governments concerned and which have the effect indicated in my earlier remarks.

It would therefore, Mr. Chairman, be impossible for the government to undertake to table intergovernmental arrangements or commitments between governments that had

not been reduced to formal documents between those governments. Information relating to those arrangements and the placing of goods on the import control lists as a result of such arrangements is given to parliament in the annual report that is tabled in parliament each year, and in the future would be included in such annual reports. In that way parliament would be fully informed of any action which it was found necessary to take under this section. I feel that perhaps would meet the wishes of the hon. member and the committee, to have the full information before parliament, as is suggested in the amendment.

Mr. Macdonnell: Would it meet the requirements the parliamentary assistant has laid down if we inserted the words "the terms of"? In other words, it would be the terms of it which would be tabled. We want to be reasonable in the matter. It is only a question of information. Would that meet the difficulty the parliamentary assistant has indicated? If not, would he suggest some other wording?

Mr. Fulton: Perhaps the words "the effect of which" might be suggested.

Mr. Dickey: I am informed by the officials that these lists, and any changes made in the lists under the powers contained in the Export and Import Permits Act, and which are contained in the bill before the committee, are published in the *Canada Gazette*, and are therefore public and available to all hon. members as well as to the trade. Perhaps that is sufficient notice to hon. members of action taken under this power.

Mr. Macdonnell: I am aware of that; but it seems to me this is not a very onerous request, when we ask that these requirements should also be tabled in parliament.

Mr. Howe (Port Arthur): Some of the arrangements may be confidential. It would not be possible to cover all the arrangements made. These are international arrangements, made usually in concert at least with the United States and the United Kingdom. I should think it would hardly be possible to comply with the suggestion of the hon. member.

Mr. Macdonnell: Does the minister appreciate that the wording of the proposal is that we be given "the effect of it". In other words, we are not asking for a report, word by word, but rather for the effect of such report.

Mr. Howe (Port Arthur): Would the hon. member be satisfied with our tabling the *Canada Gazette* where these matters are referred to? I do not think we can say that that procedure covers all the arrangements made; but at least it is the working advice to the exporting and importing public of the regulations as they stand from day to day.

Mr. Fulton: Is not the point this, that that which is published in the *Canada Gazette* is the order in council made placing an article on the import permit list?

Mr. Howe (Port Arthur): Yes.

Mr. Fulton: What we are seeking is the effect of the arrangement made under which that order in council was passed. I do not think that would appear merely from an examination of the commodities included in the list.

Mr. Howe (Port Arthur): The point I have made is that the reasons for making the order may be confidential. I could not agree to tabling the correspondence leading up to the order, or anything of that sort.

Mr. Macdonnell: May I stress again the words we have used, because we want to be co-operative. There is no suggestion of tabling the correspondence. The words we use are "the effect of which". As my colleague has pointed out, merely a list showing the results, without an explanation, is not satisfactory. What we are asking is that we might have the effect; it is not a suggestion to table the correspondence or to give a great deal of detail. It is only a suggestion to set out the effect.

Mr. Fulton: May I just offer this brief word of explanation. I think the minister and his assistant will agree—and what I am saying is not necessarily a criticism—that the power to make intergovernmental arrangements and to carry these arrangements into effect by order in council, as set out in this bill, does give a very broad measure of control over the whole Canadian economy. I make that as a statement of fact.

Therefore what we are seeking is an assurance that, before such orders in council having that broad effect on the Canadian economy are passed, parliament will be informed of the effect of the intergovernmental arrangement which has been concluded, and that we will have in broad and general terms the reasons therefor, so that we may be satisfied that the exercise of the powers conferred under the act, and by the orders in council in question, are in fact necessary. Otherwise we would not know the background for suddenly placing a certain commodity or commodities on an import control list. All we are asking is that the effect or the general terms of an international agreement upon which such order is based may be laid before parliament within a reasonable time after it is concluded.

Mr. Howe (Port Arthur): I think we can go some considerable distance toward meeting the wishes of my hon. friends. There may be secret agreements—that is, agreements to forestall certain eventualities—that we could not table. But, generally speaking, I think we could table the information the hon. members want. Of course, every order in council implementing an agreement would be tabled in any event. But perhaps we can go farther than that. I would not like to commit myself to laying all the information before parliament; but anything that is not of a secret nature could be tabled if that would be satisfactory.

Mr. Macdonnell: The amendment could be altered by putting in the words "the effect of". In other words, it could be left in general terms, without demanding any detail, and accepted in that way.

Mr. Howe (Port Arthur): Yes, "consistent with secrecy provisions", or something of that sort.

Mr. Macdonnell: That would certainly be understood. May I read it again, just to see whether it would be satisfactory. It would now read:

—the effect of which shall be tabled in parliament within fifteen days.

The words "the effect of which" would seem to leave it pretty wide open for just a general summary.

Mr. Howe (Port Arthur): That may be all right. We may be able to accept an amendment with the words "the effect of which".

The Chairman: Order, please. After congratulating the hon. member for Greenwood upon sending forward a nicely typewritten amendment, I now find myself in difficulty, as the amendment is being changed. And may I point out another difficulty, in that subclause (a) ends with a semicolon and subclause (c) ends with a period. I think that should be taken into consideration.

Mr. Fulton: Yes. Technically, to comply with Your Honour's suggestion, perhaps we could take it clause by clause. The motion of my hon. friend would then be—

That subclause (a) of clause 5 of Bill 374 be amended by deleting the semicolon where it appears in line 23, and substituting a comma therefor, and adding thereafter the following words, "the effect of"

Mr. Harris: May I suggest that this clause be permitted to stand so that it may be drafted.

Mr. Fulton: Yes.

Clause stands.

Clauses 6 to 14 inclusive agreed to.

[Mr. Fulton.]

On clause 15—*Diversion, etc.*

Mr. Green: This is a new clause. May we have an explanation of the effect of it.

Mr. Dickey: Mr. Chairman, this clause is intended to make it an offence to do acts in Canada which have the effect of transshipping or diverting goods which have been exported from Canada to a particular destination under an export permit, and which do not arrive at that destination as their final destination but, because of the intervention of an act in Canada, the goods are finally delivered to a destination that would not have been approved as the final destination upon their leaving Canada. I am advised that this applies to imports which leave another country destined for Canada and which before reaching here are diverted to another destination. An example would be German ball bearings ordered in Germany for delivery in Canada which, at some intermediate point, are diverted from Canada to Poland, for example, Czechoslovakia or Hungary. It is to make illegal any act which is done in Canada to effect a purpose of that kind.

Mr. Green: It must be meant to cover the case where the goods do not actually reach Canada but by reason of action of some kind are diverted to another country before they arrive in Canada.

Mr. Dickey: That is exactly the purpose.

Mr. Green: Can the parliamentary assistant give us an example of where that has happened?

Mr. Howe (Port Arthur): I can do so. A shipment of ball bearings was ordered in Germany for delivery in Canada. The import permit was issued. The shipment moved to Brussels in the ordinary way, and then instead of being shipped to Canada was shipped into Russia. The arrangement was made by a Canadian, and under the existing act we could not prosecute him.

Mr. Green: The Canadian arranged for the goods to be diverted to Russia?

Mr. Howe (Port Arthur): That is right.

Mr. Green: Was he actually a resident of Canada or was he in Germany?

Mr. Howe (Port Arthur): A resident of Canada.

Clause agreed to.

Clauses 16 and 17 agreed to.

On clause 18—*Aiding and abetting.*

Mr. Green: This clause reads as follows:

No person shall knowingly induce, aid or abet or attempt to induce, aid or abet any person to violate a provision of this act or the regulations.

There was no such provision in the act which is being repealed by this particular bill. Here you are not only taking provision to punish a person who violates this legislation himself but you are punishing those who aid or abet, and the penalties under the legislation are very heavy. In fact, they are contained in clause 19 and they are being increased over the penalties which are now in the present act. Why is it necessary to go so far under what is in effect not criminal law, but a bill to regulate exports and imports. I doubt whether there is a similar drastic provision in any other bills of this particular kind.

Mr. Howe (Port Arthur): May I point out that these are very serious offences. They are offences designed to put military equipment in the hands of other countries. Anyone who makes it his business to go around and try to influence ordinary business deals in the way I have mentioned as affecting German ball bearings should be punished for doing so.

Mr. Green: That particular man would be punishable under the ordinary provisions of the act for breaking the act, but—

Mr. Howe (Port Arthur): He would, now.

Mr. Green: —this section goes farther and says that anyone who induces, aids or abets, and in addition attempts to induce, aid or abet, shall be guilty of the same crime as the person who actually breaks the law. Surely it is not necessary to go that far.

Mr. Howe (Port Arthur): We had a case some time ago of a shipment of aluminum that was destined to a legitimate destination and was diverted to another destination. It was due to someone procuring an agent of the shipper to bring about that diversion. It was not known to the company, but some enterprising gentleman intervened with a minor official of the company and worked out the diversion. The result is a very considerable breach of security regulations. I think this provision should be included.

Mr. Green: Would it not be enough to provide for the inducing, aiding or abetting, rather than also including "attempt to induce, aid or abet"? That seems to me a very drastic provision. Surely the person should only be convicted if he did actually aid or abet and not for attempt to aid or abet.

Mr. Howe (Port Arthur): If a man only makes that offer to bring it about and the offer is not accepted that does not constitute a crime. However, if my hon. friend is insistent I am willing to accept the suggestion. Perhaps it will work without the latter provision.

Mr. Green: In other words, the minister would be willing to leave out the words "or attempt to induce, aid or abet".

Mr. Howe (Port Arthur): That is right.

The Chairman: Shall clause 18 carry?

Mr. Green: With that amendment. The minister has agreed to strike out the words "or attempt to induce, aid or abet", so that the section will read:

No person shall knowingly induce, aid or abet any person to violate a provision of this act or the regulations.

Amendment agreed to.

Clause as amended agreed to.

On clause 19—*Offence and penalty.*

Mr. Diefenbaker: I do not know whether the minister has given any information yet as to the number of prosecutions that have taken place under the act. I was not in for the entire discussion and I have been wondering whether he could give the information as to the degree to which there have been, first, offences committed by the doing of wrongful acts and, second, attempts to do those acts by aiding, abetting or otherwise.

Mr. Howe (Port Arthur): There have been 23 prosecutions and 18 convictions.

Mr. Diefenbaker: Will the minister say why the penalty has been increased? Is it because of the fact that the penalties up to the present time have been too low, having regard to the seriousness of the effects of wrongdoing under this act?

Mr. Howe (Port Arthur): That is exactly the reason. I recall one case where the person prosecuted ended up with a profit of about $23,000 and the fine imposed was $50. Such transactions may involve a great deal of money.

Clause agreed to.

On clause 20—*Officers of corporations.*

Mr. Diefenbaker: Will the minister explain this clause and the reason for it? A reading of it would indicate that it is designed to fill a loophole that existed previously; in other words, to make assurance doubly sure that when the corporation commits this offence each and every director who knowingly contributes to the commission of the offence becomes liable. If that is the correct understanding of the clause, then I think it is a material advantage to have it in the new form; for certainly too often evasions of the law take place under the guise of a lack of knowledge on the part of the directors, and they escape their responsibility.

Mr. Howe (Port Arthur): This clause arises from the fact that operators in this field

usually have several companies with no assets, and usually it is not very effective to find a company guilty; the purpose must be to get at the principals.

Mr. Diefenbaker: The minister has now brought up a very interesting point. To what degree is that type of evasion being practised, namely, the setting up of those companies whose only capital is of a nominal nature and whose assets are as non-existent as the capital?

Mr. Howe (Port Arthur): It is quite widespread. I could not say how many there are.

Mr. Diefenbaker: Are they within Canada?

Mr. Howe (Port Arthur): Yes. They may be either provincially or federally incorporated.

Mr. Diefenbaker: What provinces permit that type of incorporation?

Mr. Howe (Port Arthur): I could not say.

Mr. Macdonnell: I am enthusiastic—

The Chairman: We are on clause 20.

Mr. Macdonnell: Yes, Mr. Chairman. I am enthusiastic about the first part of this but I am rather bothered about lines 15 and 16.

. . . the offence took place with his knowledge or consent or that he failed to exercise due diligence to prevent the commission of such offence.

It seems to me it is going pretty far to make a man a criminal by proving he could have done some thing which he did not do.

Mr. Howe (Port Arthur): Mr. Chairman, if a man is either an officer or a director of a company engaged in criminal activities the presumption must be, I believe, that he had some knowledge of the activities of that company.

Mr. Macdonnell: I wonder, Mr. Chairman, if the minister really wishes to go as far as that. I have in mind the case of a company which is not a small private company or a one-man company. If you took what the minister said you would make a man a criminal if he was a director of a large company which did these things. If I understand the minister correctly, such a person would be a criminal even though he knew nothing about it and had no chance to know. I do not believe that is what is intended.

Mr. Howe (Port Arthur): I think it is intended. I believe people should be careful of the company they join as directors.

Mr. Macdonnell: Mr. Chairman, I want to question the minister once more on this, and also to question the wording. I want to go back to what the minister said, that people ought to have enough sense not to become directors of a company that would do that kind of thing. I want to question whether it is felt necessary, with the experience which has been gained, to pass a clause which makes a man a criminal though in fact he may have had no knowledge whatever. According to the minister's language, a man who is a director is almost automatically charged with knowledge of what has been done. That is not according to the facts.

Mr. Dickey: If I may, I would like to point out to the hon. gentleman that these words are included in the clause: "failed to exercise due diligence to prevent..." I think these words protect a director in the position set out by the hon. member. I think I should also inform the hon. member and the committee that statutory provisions, relating to offences, in exactly the same form as this are to be found in section 16 (3) of the Aeronautics Act; section 163 of the Canada Grain Act; section 42 (2) of the Canadian Wheat Board Act; section 182 of the Emergency Gold Mining Assistance Act; section 134 of the Income Tax Act; section 16 of the Proprietary or Patent Medicine Act; section 38 (3) of the Combines Investigation Act, and section 53 of the Immigration Act.

Mr. Diefenbaker: Will the parliamentary assistant read these, because in all of them I understand there is a provision that anyone who has failed, with knowledge of the fact, to exercise due diligence to prevent a commission of such an offence is guilty. Of course, under the clause as it now stands a director without knowledge would be said to commit an offence if these words were added:

. . . the act or omission constituting the offence took place with his knowledge or consent or that he failed to exercise due diligence to prevent the commission of such offence.

Mr. Dickey: I am informed that the words relating to "knowledge" are included in the Canada Grain Act, the Canadian Wheat Board Act, the Emergency Gold Mining Assistance Act and the Combines Investigation Act, but not in the other acts I referred to. That is the one difference between this section and the sections in these particular acts.

Mr. Diefenbaker: Would the parliamentary assistant read these sections, because I think each one of them has the words "with knowledge" or words to that effect.

Mr. Dickey: I am advised that section 53 of the Immigration Act contains exactly the same wording and section 16 of the Proprietary—

Mr. Diefenbaker: Would the parliamentary assistant read these sections so that we can see how closely alike they are?

Mr. Dickey: I will have to send out for them if the hon. member wishes me to read them.

Mr. Howe (Port Arthur): Could that section be allowed to stand meantime?

The Chairman: Shall clause 20 stand?

Some hon. Members: Agreed.

Clause stands.

On clause 21—*Responsibility of resident applicants for non-resident permittees.*

Mr. Green: Clause 21 is new and it contains this same provision. I wonder if the parliamentary assistant would explain the purpose of the clause, and give us an example?

Mr. Dickey: Mr. Chairman, the purpose of this clause is to cover the case where a non-resident exporter operates in Canada through a Canadian agent. This clause has the effect of making the agent, who is the person who applies for the necessary permit in Canada, responsible for the proper use of that permit. I believe it will be quite obvious that there would be no purpose in making the improper use of export permits illegal for Canadians if someone resident in another country were able through a Canadian agent to make an application for an export permit and evade the act in a way which was not possible for a resident in Canada. This clause is to enable the agent to be charged with the responsibility for the proper use of the export permit he procures for his principal.

Mr. Green: If the clause as it now reads is passed the result will be that if a Canadian resident applies for a permit for the use of someone in another country, and then that person in the other country, without the knowledge of the Canadian resident, commits an offence against this act, the Canadian resident is breaking the act and can be convicted unless he shows that he exercised due diligence to prevent the commission of the offence. That seems to me even more drastic than the final two lines of the preceding section dealing with the officers of a corporation. There is some direct connection between the officers and the corporation, but in this case the department is issuing a permit apparently knowing that a Canadian will have to do business through someone outside Canada. Surely it would be sufficient to have the Canadian guilty of an offence if the offence took place with his knowledge or consent.

Mr. Howe (Port Arthur): We would put our licences into common international use if we allowed an agent to obtain a licence, turn it over to a man in another country and have no further responsibility in the matter.

Mr. Green: Why is the licence turned over at all to a person outside of Canada? Why is it necessary to do that?

Mr. Howe (Port Arthur): It is not, perhaps.

Mr. Green: As I understand it the department can control the transfer of a permit. If the department has approved the transfer of a permit, does not that fact relieve the Canadian resident of the responsibility?

Mr. Dickey: It is not so much a matter of the transfer of a permit; it is a matter of what happens to the goods. That is the important thing. I am informed that this provision was discussed with the customs brokers and with the trade and they are quite in agreement that this is a proper provision. This is as to a Canadian agent accepting instructions from a principal outside the country, and it simply requires that he exercise due diligence to see that no offence is committed in connection with the disposal of the goods that he has undertaken to procure as an export from Canada under an export permit that he applied for.

Clause agreed to.

Clauses 22 to 26 inclusive agreed to.

On clause 27—*Duration.*

Mr. Macdonnell: I am sorry, Mr. Chairman, but you are not going to be able to give me the same praise here. I have an amendment which is not typed out but it is so simple that I think there will be no difficulty about it. It is natural that, in connection with these bills which we hope are covering an emergency situation, we should like to see them have as short a duration as possible. Without saying anything more I am going to move:

That section 27 be amended by striking out the figure "1957" and substituting therefor the figure "1955".

I am not going to comment at any length except to say that we feel that legislation of this kind should be subject to review at reasonably frequent intervals. I therefore move this amendment. The minister has been so helpful, he will probably agree to it.

Mr. Howe (Port Arthur): I am sorry that we cannot accept this amendment, Mr. Chairman. Ever since this bill was first introduced, it has been the practice to establish a period of three years. We see no reason for changing that practice. We expect this period of emergency not to end within a year. We dislike to take up the time of parliament each year in extending this bill; such a procedure is expensive to the Canadian public and annoying to the members of parliament.

Mr. Macdonnell: But think how much we have enjoyed ourselves!

Mr. Howe (Port Arthur): I might say that a report is filed each year on the operations of the act. If it appears that the act is not operative we should be glad to consider an earlier repeal of the bill. But we must insist that this amendment stand.

The Chairman: Shall the amendment carry?

Some hon. Members: Yea.

Some hon. Members: Nay.

The Chairman: Those in favour of the amendment will kindly rise.

Mr. Fulton: Just call for the yeas and nays, Mr. Chairman; let it be defeated on division.

The Chairman: Those in favour of the amendment will kindly say yea.

Some hon. Members: Yea.

The Chairman: Those who are opposed will kindly say nay.

Some hon. Members: Nay.

The Chairman: In my opinion the nays have it. I declare the amendment lost.

Clause agreed to.

Clauses 28 and 29 inclusive agreed to.

The Chairman: Shall I rise and report progress?

Mr. Howe (Port Arthur): No.

Mr. Green: There is one clause yet to be dealt with.

Mr. Dickey: Two clauses were allowed to stand, Mr. Chairman. I think we can now deal with them.

The Chairman: Shall I call clause 5?

Some hon. Members: Agreed.

Mr. Dickey: No, Mr. Chairman. I think that amendment is not yet ready. However, you could call clause 20.

The Chairman: Is it agreed that I call clause 20?

Some hon. Members: Agreed.

On clause 20—*Officers of corporations.*

Mr. Dickey: Mr. Chairman, I was requested by the hon. member for Prince Albert to read the section of the Immigration Act which I had indicated was in terms exactly similar to clause 20 in this act. I therefore do so. Section 53 of the Immigration Act, which is chapter 325 of the Revised Statutes of Canada, 1952, is as follows:

> Where an offence under this act or the regulations has been committed by a corporation and whether or not the corporation has been prosecuted or convicted, every person who at the time of the commission of the offence was a director or officer of the corporation is guilty of the like offence and is liable on conviction to the punishment provided for the offence upon proof that the act or omission constituting the offence took place with his knowledge or consent, or that he failed to exercise due diligence to prevent the commission of such offence.

I have not been able to check it myself, Mr. Chairman, but I am advised that that section is exactly similar in terms to clause 20 of this bill.

On the question of the suggestion that the word "knowingly" or similar words be inserted in the final provision of this particular clause, I think I should say to the committee that, in connection with offences under this act—as is true in connection with offences under acts such as the Immigration Act—the proof of the element of knowledge is one that can in certain instances be particularly difficult. This matter was given careful consideration, and it was felt that there would be unreasonable and unnecessary difficulty in bringing to justice persons who were in fact guilty of offences under the act if the element of proof of actual knowledge were added to the already rather reasonable requirements that the crown prove a lack of due diligence to prevent. The law officers and the crown felt that that was sufficient protection to anyone who was not guilty of an offence; that it provided a proper element of defence; that to the requirement of proof of due diligence the addition of proof of actual knowledge was an undue burden of proof to impose on the crown and that it would contribute to evasions of the act that should not be permitted to occur.

Mr. Fulton: We have not an amendment worked out, Mr. Chairman, but I wonder whether the minister and his assistant would consider the possibility of confining the effect and application of this section so far as the last two lines are concerned, starting with the words "or that he failed to exercise due diligence to prevent the commission of such offence", to a case of the export of strategic materials? I think no objection could be taken to the proposition that where a person gets a permit for the export of a strategic material which it is desired to prevent from falling into the hands of potential enemies, he there has an absolute duty thrust upon him to ensure that it does not fall into the hands of those potential enemies.

Therefore the provision of these words in imposing the duty of due diligence on him is reasonable, but in the case of a corporation engaged in ordinary commerce within Canada and, let us say, securing an import permit, it is well known that directors do not all pay close attention to the details of

the business. Quite often they are there for the effect of their names and their general business knowledge but do not participate actively in the detailed running of the business and to impose that burden of diligence and supervision upon directors with respect to the detailed activities of the firm within Canada is unreasonable. Therefore I put this proposition forward. Might it not be worked out to confine the effect of these words to the case of a corporation obtaining a permit for the export of strategic materials?

Mr. Dickey: I see the difficulty of the hon. member and the point he raises, but I am informed that in our experience the only offences which have been committed against the Export and Import Permits Act have been offences in connection with the use of strategic materials, arms and munitions of war. The position seems to be that it is only in that regard that the possibilities of gain and profit are sufficient to be an incentive to firms and individuals to try to avoid the provisions of the act and to offend against it. So far we have not had a single instance of an offence being committed except in connection with the particular goods to which the hon. member refers, and we have no reason to expect that, when the new legislation becomes law, there will be any incentive for persons to commit offences other than in the same connection.

Mr. Fulton: Is that not the very strongest argument that could be advanced in support of my suggestion, that it is expected to be confined to export permits for the export of strategic materials? If that is the only case where it is expected that offences will take place, and the nature of the offence is not nearly so serious if it takes place in connection with the distribution of goods within Canada, it seems to me that is an argument in favour of the proposition. I do not want to press this unduly, but I would repeat my request that some form of words be worked out which would confine its effect to the very case which the parliamentary assistant has said is the only type of case they expect to arise.

Mr. Dickey: There are very real difficulties involved in working out a form of words of the nature that the hon. member suggests. The whole scope and wording of the section were carefully considered before the bill was brought into the house. The advice of the law officers was sought and the conclusion was arrived at that this was the proper and the best wording to recommend to the house, and that there was no reasonable expectation that it would impose any undue hardship on persons engaged in normal trade within Canada. No objection was raised by the trade to this provision. They did not foresee any particular difficulty arising, and I think I can assure the hon. member and the committee that that expectation is shared right through the trade.

Clause agreed to.

Mr. Harris: There is one clause standing, and with the permission of the committee we might rise and ask leave to sit again later this day. We may possibly have clause 5 ready for discussion, particularly if the hour between five and six is not taken up fully by private and public bills.

Progress reported.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

Hon. W. E. Harris (for the Minister of Finance) moved the second reading of Bill No. 377, to establish an account for the replacement of government property lost, destroyed or damaged through fire.

Mr. W. M. Benidickson (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, at the resolution stage we had a fairly pertinent discussion about this bill but probably a few additional remarks would be in order. The object of the bill is to establish a fire losses replacement account and to authorize advances from the account for the restoration, the rebuilding or repair of property under the administration or control of departments and certain agency crown corporations that has been destroyed or damaged through fire.

The purpose to be served by this measure can be stated very briefly. It is to ensure, when a fire loss occurs and the replacement or repair of property destroyed or damaged is urgently and immediately required and there is not sufficient money available in the appropriation for the service suffering loss, that authority and funds will be available, subject to the approval of the treasury board, to proceed with the repair or replacement without delay.

To illustrate, a government hospital, a customs office, a fish hatchery, a garage housing valuable automotive equipment may be destroyed by fire and must be replaced immediately if essential services are to be restored with the least interruption. The balance available in the appropriation for the particular service concerned, which would not ordinarily include provision for

such a contingency, may not be sufficient for the purpose. Under the proposed bill the money required for the replacement or the restoration of the building or the replacement of the equipment or supplies might, with the approval of the treasury board, be advanced temporarily from the fire losses replacement account on the understanding that the account would be recouped subsequently by charges to the appropriation for the service concerned.

There is authority in the Financial Administration Act for the use of special governor general warrants when accidents happen to public works and buildings and expenditures for their repair or renewal are urgently required, but as hon. members are aware this authority is available only when parliament is not in session or is under adjournment *sine die* or for a period of two weeks or more.

It has also been the practice in recent years to include in the annual appropriations for the Department of Finance a vote for miscellaneous minor and unforeseen contingencies. However, this is limited in amount. $1,500,000 is provided in the estimates for the current year and only $1 million in the estimates for 1954-55, and the vote is intended to cover the contingency requirements of all departments. Consequently, if a major fire were to occur it might not be sufficient to provide funds for the replacement of the fire loss and to meet the other unforeseen demands that might arise during the course of the year. It is for this reason that it has seemed advisable to provide a special account to deal solely with fire losses.

It is proposed that advances from the account shall be subject to the approval of the treasury board, that they shall not exceed an aggregate of $5 million at any time, and that they shall be recovered subsequently by charges to parliamentary appropriations for the service suffering the loss.

The account is essentially an arrangement to ensure that when fires do occur essential services can be restored with a minimum of interruption by providing the means to make advances for the immediate replacement of the facilities lost or damaged.

Mr. J. M. Macdonnell (Greenwood): This matter was gone into in committee at the resolution stage, Mr. Speaker, and it seems to me it has been fairly well covered. The parliamentary assistant has explained the reason for what seems to me a sensible arrangement. As I understand it, the parliamentary assistant has answered satisfactorily the questions asked by the hon. member for Vancouver-Quadra (Mr. Green) and others, namely that in the expenditure of money here the same precautions will be carried out as are usual in other cases. In other words, that the money used in restoration work will be subject to all the safeguards with which work is usually done.

The question was also raised as to whether this might also be a means of perhaps greatly expanding the structure which existed before in the case of loss. I gather from the parliamentary assistant that there is no suggestion of that. The case is really simply this: Where you have a loss which good judgment says has to be restored, you shall not be held back by want of money. If it is as simple as that, it seems to me we should not have to talk very much about it.

There is just one thing I should like to ask, and perhaps if the parliamentary assistant is not fully informed on this he might inform himself before we discuss it again. It raises in my mind a question with regard to insurance. As I understand it government departments in general, perhaps all of them, carry their own insurance. In private business, this is done by insurance companies. There are, as we all know, insurance underwriters, as I think they usually call themselves, who provide what I consider to be a very valuable service. They act not merely as insurance agents to write to protect properties, but they offer expert and valuable advice, not only as to how to get your fire losses paid when you have a fire but how to avoid having a fire. In other words, they give most valuable engineering and other advice as to the best possible means of making a building fireproof, and in general doing everything possible to avert fires.

Now that, of course, in a private business is a matter of keeping down their rates, and it does in fact occupy the best attention of management. These experts render a valuable service. Perhaps the parliamentary assistant would prefer to answer this question later, but have we got services of that kind with regard to our public buildings or does the fact we are carrying our own insurance mean we have no service of that kind? We may, in fact, be penny wise and pound foolish—not that I like to suggest the expenditure of another dollar. I should like to have that question answered, perhaps when we get into committee.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to say just a word in connection with this bill. As the hon. member for Greenwood has pointed out, we had a discussion on Tuesday of this week with respect to this legislation when we had the resolution before us. If I may say so, it seems to me that just about all the questions we asked on Tuesday are answered

in the bill; just about all the points we felt should be covered are in fact covered by the terms of the bill.

As we understand it, this is not a fire insurance policy in the normal sense of that phrase, but rather a fund so that a loss can be replaced pending the time when the appropriate estimate can be passed. I gather from reading the bill that in all cases any money that has been charged to this account must sooner or later be replaced. The money can be replaced out of money that has been appropriated in one way or another in the same year. If that is not done, I understand it must be replaced by an estimate in a subsequent year. On all counts it seems to be a desirable piece of legislation.

The only point I suggest is that it might be well to have a clause in the bill calling for an annual report to parliament. Most bills of this kind do have such a clause, so that we can be kept informed as to what is done under the legislation. I hope that suggestion might be considered.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Clause stands.

Progress reported.

The Acting Speaker (Mr. Applewhaite): It being five o'clock, the house will revert to consideration of public and private bills.

PRIVATE BILLS

The Acting Speaker (Mr. Applewhaite): There are two private bills of a similar nature. Shall they both be considered in committee at once?

Some hon. Members: Agreed.

Mr. Macdonnell: Could we have an explanation from the sponsor?

The Acting Speaker (Mr. Applewhaite): The order is for the house in committee on these bills and therefore there cannot be a discussion until we are in committee.

COMMERCE MUTUAL FIRE INSURANCE COMPANY

The house in committee on Bill No. 198, respecting Commerce Mutual Fire Insurance Company—Mr. Eudes—Mr. Applewhaite in the chair.

On clause 1—*Name changed.*

The Deputy Chairman: Perhaps I might mention that this bill has been considered and passed by the committee on banking and commerce.

Mr. Macdonnell: Could we have a word of explanation from the sponsor of the bill as to what came before the committee?

Mr. Dickey: This is the usual form of bill relating to the Commerce Mutual Fire Insurance Company, which provides for a change in name both in English and in French. I have not the proceedings in the committee before me, Mr. Chairman. I understand it was given the usual consideration and the committee unanimously agreed to the proposal.

Mr. Macdonnell: I do not wish to oppose progress, but it does seem to me the sponsor should have been here, just to give us some information. We are having the rubber-stamp principle rubbed into us in this matter, if we cannot have any information at all.

Mr. Knowles: There probably is no report.

The Deputy Chairman: Does the hon. member suggest that we report progress and ask leave to sit again?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

CANADIAN WHEAT BOARD ACT

AMENDMENT PROVIDING FOR PAYMENT FOR FARM STORAGE

On the order:

Second reading of Bill No. 11, an act to amend the Canadian Wheat Board Act (Payment for farm storage).—Mr. Argue.

Mr. Harris: There is another private bill which should be called.

The Acting Speaker (Mr. Applewhaite): Replying to the minister, it was my understanding that the house went into committee of the whole on two private bills, and that it was discussed in committee as to whether we should rise, report progress, and ask leave to sit again. I understood objection was taken to proceeding with the bills when the sponsors were not present.

Mr. Harris: But that was only on the first bill.

Mr. Knowles: The sponsor of the other bill is not here either.

Mr. Harris: The sponsor of the other bill is here, if I may be permitted to say so.

Mr. Knowles: Where?

Mr. Harris: Right behind me.

Mr. Knowles: The hon. member for Ottawa West (Mr. McIlraith)?

Private Bills

Mr. Harris: The hon. member for Ottawa West has asked the hon. member for Halifax (Mr. Dickey) to take the bill.

Mr. Macdonnell: There is no desire to hold up proceedings. Is it possible to get the other sponsor here while this measure is going forward? The last thing we would want to do would be to stand in the way of business being done. But it did seem to me that the sponsor should be here.

Mr. Harris: Mr. Speaker, there is no objection to the course taken in respect of the previous bill. I understand the purpose of the hon. member for Greenwood in wanting to have information about that bill. But we did not call this second bill in committee of the whole; and I suggest that is the order of business which should be followed now.

The Acting Speaker (Mr. Applewhaite): Order. My understanding was that the chairman of the committee of the whole was of the opinion that he had asked leave to report progress on both bills. Under the circumstances, however, I think we should accept the suggestion that the house resolve itself into committee of the whole for the purpose of considering Bill No. 313.

PRIVATE BILLS

DOMINION FIRE INSURANCE COMPANY

The house in committee on Bill No. 313, an act respecting the Dominion Fire Insurance Company—Mr. Dickey (for Mr. McIlraith)—Mr. Applewhaite in the chair.

On clause 1—*Name changed.*

Mr. Dickey: Mr. Chairman, I was asked by the hon. member for Ottawa West, the sponsor of this bill, to speak for him at the committee stage. This bill, to change the name of the Dominion Fire Insurance Company, was introduced in the other place. It was passed there and was given second reading in the House of Commons on March 2. It has since been referred to and considered by the committee on banking and commerce, and has been approved by that committee.

I am informed that the only possible company which might object to this change of name, because of any possible confusion, is the Dominion Life Assurance Company. The committee considered and had before it a letter from the president of that company indicating that there was no objection to this change of name. I believe that was one of the considerations that influenced the committee on banking and commerce to report the bill.

[Mr. Knowles.]

Mr. Macdonnell: I did not catch the name of the company that wrote in.

Mr. Dickey: The Dominion Life Assurance Company.

Clause agreed to.

Bill reported, read the third time and passed.

INDUSTRIAL STATUS OF WOMEN

MEASURE TO REQUIRE EQUAL PAY FOR EQUAL WORK

The house resumed, from Tuesday, March 2, consideration of the motion of Mrs. Fairclough for the second reading of Bill No. 2, to provide equal pay for equal work for women.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill is described as an act to provide equal pay for equal work for women. It contains a recital which reads in this way:

> Whereas it is desirable to enact a measure to prevent discrimination against women in respect of their employment by reason of their sex and, without limiting the generality of the foregoing, to ensure that women will be paid at the same rates as men for similar or comparable work.

I deem it a great privilege to second the motion of the hon. member for Hamilton West (Mrs. Fairclough) for the second reading of this bill. When it was last discussed on March 2, there was a speech by the hon. member, followed by the Minister of Labour (Mr. Gregg). I thought he was under some considerable difficulty and embarrassment in trying to make out a case against the bill. He was not very convincing in his arguments, and summed up his position in this way, as reported at page 2594 of *Hansard*:

> Again I say there is a difference between attempting to bring about a remedy by law and having it carried out by collective bargaining on the one hand, and probably the more potent weapon of education on the other. It is because I am not convinced of the necessity or the desirability of trying to enforce such a law within those industries which are subject to federal labour jurisdiction that I reluctantly find I shall have to vote against my hon. friend's bill.

Now, let us take a look at the objection that the Minister of Labour (Mr. Gregg) has to the bill. In the first place he intimates that these rates should be covered by collective bargaining. Earlier in his speech he pointed out that some agreements negotiated under collective bargaining contain equal pay clauses. He went on to say:

> Some agreements contain equal pay clauses, and others simply carry out the principle of equal pay by establishing a rate for the job which is the same whether the job is done by a man or a woman.

Therefore it is obvious that the position is not going to be greatly improved by collective bargaining and I do not believe the minister was sound in opposing the bill on that ground. In fact, he went on to point out that the federal civil service commission follows the second course, namely, that of treating all jobs as equal no matter whether they happen to be occupied by a man or a woman.

His second ground was that this problem should be met by education. That is a very indefinite way to meet this problem. There has already been sufficient education of the people of Canada for them to know whether or not they believe in equal pay for women, and I am afraid the minister's suggestion that we should turn this problem over to someone unnamed to bring about more education was just an evasion of the question posed by this bill.

I believe this legislation is very timely. It was pointed out the other day by the hon. member for Hamilton West (Mrs. Fairclough) that there is similar legislation in the provinces of Ontario, Saskatchewan and British Columbia. I hold in my hand a bill which was passed last fall by the British Columbia legislature. It is described as: "An act to ensure fair remuneration to female employees" and is cited as "The Equal Pay Act". The key words are to get the same pay "for the same work done in the same establishment". These key words are not exactly the same as the ones contained in the bill now before us, but I think they are of a similar nature and would be construed in the same way.

In British Columbia we have had a further move along this line recently. In February of this year the Vancouver city school board adopted the principle of equal pay for women teachers. I hold in my hand a press clipping from the Vancouver *Province* reporting that decision, and it says that the big factor this year in the negotiations of the pay for the year—

—was the principle of equal pay for equal work for the 1,100 women teachers in the city.

Therefore the principle has been accepted in our city, and I understand it has also been accepted in many other parts of this nation.

I would point out to the minister that just last year he himself sponsored a similar bill. I refer to the Canada Fair Employment Practices Act, chapter 19 of the statutes of 1952-53. It is described as "an act to prevent discrimination in regard to employment and membership in trade unions by reason of race, national origin, colour or religion." That act received the unanimous support of hon. members. It is in much the same terms as the bill brought in by the hon. member for Hamilton West. Enforcement is based on a complaint system and I suggest to the minister and to my fellow members that the two bills are very much alike.

Last year the minister was full of enthusiasm for putting on the statute books of Canada a bill preventing discrimination by reason of race, national origin, colour or religion; but this year he refuses to support a bill which would wipe out discrimination by reason of sex. Frankly, there is great inconsistency in the two stands taken by him.

You see, Mr. Speaker, the main purpose of a bill such as that which was passed last year, known as the Canada Fair Employment Practices Act, is to set a standard. Its purpose is not to put people in jail or have them fined or to make trouble across this land. The main purpose is to set up a standard, and it was on that basis that hon. members approved the legislation last year.

We have had other examples. I refer the minister to the Reinstatement in Civil Employment Act. He has always been very much interested in legislation for the war veterans of this country and, as he knows, this act to which I am now referring was passed to help the veterans who returned to Canada to get back their old jobs. It has been effective. I do not think there could have been a more effective piece of legislation to enable the young men and young women who were demobilized to get back their jobs or to get reasonable employment.

The act contains drastic provisions for dealing with those employers who break the law. And yet, I understand from the minister's own department that less than half a dozen prosecutions have been laid under the Reinstatement in Civil Employment Act. Actually there have been so few prosecutions that his department could not tell me just how many there had been, but after scratching their heads quite a while they thought that perhaps there may have been from two to five. There has been just that little need to take punitive action under that particular legislation.

The bill brought in by the hon. member for Hamilton West is of exactly the same type. I doubt whether there would be many prosecutions under it if it were to become law. There might be one or two. Probably there would be very few, because Canadian employers have shown down through the years that all they need to know is what the legislation is that stands on the statute books and they are prepared to abide by it. That has been shown only too clearly by literally

thousands of employers under this Reinstatement in Civil Employment Act, and I am quite sure that the same results are going to flow from the Canada Fair Employment Practices Act which we passed last year. The Canadian people obey the law. Every hon. member who has had much experience here will agree with me when I say that once a law is placed on the statute books there are not very many Canadians who try to break it. The public reaction is: That is the law and it is reasonable, and we are going to abide by it. I feel quite sure that the result would be the same if this equal pay for equal work for women act were placed on the statute books.

This is not a bill on which the government stands or falls. The private members of the government party are in the position to vote for this bill, believing it is a proper measure, without, by that vote, endangering the government. I am quite sure the Minister of Labour will agree with me in that assertion. I see him nodding his head and therefore he does agree.

I would urge hon. members of this house to support this measure for the reason that it will set up a nation-wide standard. We believe that equal pay for women is a practice which should be followed. The government of Canada has shown approval of that principle for many years by treating its own civil servants in that manner. Now, let us complete the job by setting up, through this bill, a standard for the entire nation.

Mr. F. G. J. Hahn (New Westminster): Mr. Speaker, I do not believe we can add materially to the value of this measure by debating it at any great length. However, our party has not yet indicated its view, and I feel that most of us are very much in accord with the spirit and letter of this bill. I am sure the mover of the bill will be glad of that fact.

The ladies in this house happen to be badly outnumbered but I do not believe they require a male, or any group of males, to take up the torch on their behalf in this particular instance. They are quite capable of making their own speeches. However, there are a few factors which are worth considering and which should be noted at this time.

The minister mentioned that according to reports 20 per cent of the people in industry have indicated their support for equal pay. That indicates that the unions recognize the need for paying women at the same rate as men. The minister also pointed out that 3 per cent indicated that they favoured a discrepancy in pay. One question immediately enters my mind. I wonder what proportion of that 3 per cent felt that women should be paid a higher rate of pay than men. It would be worth finding that out for I am certain women would be extremely interested.

The minister also said that the major congresses had not made representations to the government in this respect. Possibly the reason for their not having made representations in this respect is that the congresses feel, as so many of us do, that this is a provincial matter. However, it has apparently entered the federal field and therefore it should be dealt with at a federal level.

I support the spirit of this measure and I would suggest its adoption, although at the same time I recognize the difficulties involved in trying to implement it. There are certain reasons why I believe this bill should be passed. The first is that many firms today pay women less than they do men for doing exactly the same type of work. For example, in our retail marketing a delivery boy gets more money than a girl at the cash register who keeps punching the keys all day long. That is rather unfortunate, in my opinion, because she probably has much more responsibility, handling thousands of dollars during a month, than the delivery boy who delivers a few dollars' worth of groceries.

In the civil service we know there is no discrimination whatsoever. We recognize that men and women are equal. As regards the teaching profession, the hon. member for Vancouver-Quadra (Mr. Green) indicated that women are just as capable as men in that particular profession. I would go so far as to say that in many instances they have proved far superior to men in the teaching profession.

Certain other industries have recognized that women are just as capable as men, and do just as good a job. There is no sound reason, as far as I can see, for not giving women equal pay. The minister said he had received no recommendations in favour of this legislation. I wonder if he has had representations to the effect that this legislation should not be put into effect, or if anyone has come to the government and said, "Please pass this bill but with the provision that women should be paid less than men."

Long ago Mrs. Pankhurst recognized the need to give women the vote. Long ago we recognized that they were capable of exercising that vote, and I am quite sure each of the men here feel that women were probably responsible for putting them in the position they now occupy.

Women have proved their superiority in many fields. We do not find very many men acting as telephone operators, and I do not know of a single instance where a man is employed punching a cash register in the supermarkets we have in the city, or in any other city I have been in. I know the girl at the cash register probably enhances the attractiveness of the store.

An hon. Member: Hear, hear.

Mr. Hahn: An hon. member says, "hear, hear". Possibly the reason she is employed as a cash register girl, if I may coin the phrase, is that she is most capable of punching the keys and can do it more rapidly than a man. In a case like that we should recognize that a girl should be paid the same as a man, if a man were employed to do that type of work.

The unions a long time ago advocated this sort of legislation, and have long recognized its value. It is quite obvious that if women were not as capable as men they would not be employed. Women have proved their worth and ability during the course of two world wars. During those wars thousands of women in this country were employed in industry, and I would go so far as to say that if women had not been there we probably would have lost those wars. It was only through their efforts that the boys in the front lines were given the supplies they so badly needed.

Industry should repay women for keeping the front lines supplied, and the best way of doing that is to pay them their dollar's worth if they are capable of doing the job as well as a man.

There is one other reason why I am so particularly happy to support this measure. That is because it adopts a great Social Credit principle. That principle is that the way to make the poor richer is to raise the level of their wages to that of the higher paid workers. We do not advocate taking from the rich and giving to the poor. We believe wages should be raised to the point where they are on a level with the wages received by the better paid workers. I have found, and I speak with some authority having a family of four girls, that it costs just as much to clothe and keep women as it does to keep men. It costs just as much to clothe them and to keep them as it does to clothe and to keep a man.

An hon. Member: It costs more.

Mr. Hahn: In most instances I think their headgear costs considerably more. I would therefore say that we should start a move so that they can at least find that they have sufficient remuneration to keep themselves looking proper—I would not, of course, for a moment suggest that they do not—without too great difficulty.

There is a certain value to this legislation. First, I would say that it affords protection to a man who is doing a job and doing it well. If the man is doing a job and doing it well, the moment that management finds it is having difficulty in making ends meet it would probably hire a woman who would be willing to work for less pay. The natural result of that—as I believe the lady member who introduced the bill indicated—would be that a man would lose his security of tenure in that particular position.

Then there is in this legislation a certain protection for the employer, as was earlier indicated, in so far as the employer would get his true worth out of his women employees and his labour costs would always remain more steady, especially as compared with his competitor who, if he has hired lady employees and is paying them less, would naturally enough be able to produce for less. Therefore the competition would be in a rather unequal ratio. By an equal pay act we would certainly be able to equalize our costs of labour and make our competitor become an honest competitor at least in so far as the price of labour is concerned.

The effect of this legislation, if it were to become an act, would be possibly threefold. The first effect might be illustrated in this way, if others felt as did a young lady I happened to meet in the corridor as I was coming down to the chamber. One of the young ladies asked me what I was getting prepared to speak on. I said, "The equal pay act". Her first reaction was, "Hurrah, that means the 40-hour week". Apparently the girls are not working the 40-hour week in this institution. While that feature is not embodied in the bill itself—I refer to the hours of labour—you can see that women are not opposed to it on that particular basis.

There would be a natural increase in unemployment among the women at first. The employers would naturally say this; "If I have to pay a woman the same price as I am going to pay a man, I am going to get a man for this job"; and out goes the woman. That may be the first repercussion. It would possibly be an unfortunate one. But if that male employee was not as capable of producing articles as was a woman or was not as capable of doing the job properly, he would naturally enough be replaced by a woman at a later time; and instead of our Minister of Labour having such a fine steady graph line for the employment of females over a period of years as compared with the one for men employees, he would have

fluctuations in the women's line of employment comparable with that for men at the present time.

Then there is one third possible effect. It will probably mean that the male employment situation will be much improved. We have had several representations, I believe, in the corridors by the various labour groups and nearly every one of them has strongly demanded more employment, that the government find employment for them; and in nearly every instance it was a case of employment for male employees. That situation would be naturally improved if the other argument that I proposed a moment ago were followed through. It would have a far-reaching effect upon our morale, I dare say. If the housewife did not prove herself to be as efficient as the male employee, she would find herself unemployed and would be back at home doing housework. Whether or not that is a desirable thing I am not going to discuss at this time. However, I will say this. If she does prove herself to be a better worker than the male, she will become the breadwinner for the family and we shall find the husband at home doing the chores.

Mr. A. M. Nicholson (Mackenzie): Mr. Speaker, it gives me much pleasure to rise to support this bill. I want to congratulate the hon. member for Hamilton West (Mrs. Fairclough) for seeing to it that this was the first bill that appeared on the order paper for discussion by members when we came here for this present session of parliament. I am sorry that the Minister of Labour (Mr. Gregg) is unable or unwilling to support it. I am happy, however, that we have not had many speakers on the government side who have offered opposition.

The *Financial Times* is about the only publication I have run across that seems to be opposed to this sort of legislation. In the *Financial Times* of March 12 I find an article under the name "Tempus". It reads a good deal like the writing by Austin Cross. I think the kindest thing I can say is that the writer must have had a deadline to meet and very little to write about when he used up valuable space with this material. He said:

> . . . far too many secretaries have far too much to say and far too much to do with the administration.

He was speaking about the women private secretaries in the government administration here. The article continues:

> Yes, and put me down as saying that there are far too many women holding down jobs that should be held down by men . . .
>
> Once upon a time, cabinet ministers here appointed a male secretary. Now far too many females have the jobs.

[Mr. Hahn.]

Then further on:

> It is not that the women are not efficient, but they are, for the most part, of a good stenography level. This business of being a political secretary to the boss is too much for most of them. For the most part women have no political savvy.

Mr. Speaker, we have the misfortune to have in the House of Commons only four women out of a total membership of 265. I think that is a reflection on the women of Canada. I think it is unfortunate for parliament. The four women are making an outstanding contribution. In addition to the four who are here now, so far as I know we have had only five other women who have been in parliament since confederation. First, there was Miss Macphail, then Mrs. Black, Mrs. Nielsen, Mrs. Casselman and Mrs. Strum.

To come back to the comments made by the writer of this article—Tempus, whoever that is—may I say that I think the government is to be commended for choosing some women to hold down the responsible positions of private secretaries. My telephone directory informs me that the Minister of Finance (Mr. Abbott), the Minister of National Defence (Mr. Claxton), the Minister of Justice (Mr. Garson), the Postmaster General (Mr. Cote) and the Minister of National Revenue (Mr. McCann) all have women private secretaries. I notice that there are not any women holding down jobs as deputy ministers. While waiting to speak I was looking through the estimates and I am now prompted to wonder whether the reason we get some women private secretaries is partly the result of the fact that the salaries offered for private secretaries are not high enough to attract males with the qualifications for doing that type of work.

I was under the impression that a private secretary had nearly as much responsibility as a deputy minister, but in some cases the salaries offered to private secretaries are about a third of those paid to deputy ministers. I think that the business of securing executive assistants probably has given cabinet ministers a chance to get on their staff people who are earning more than private secretaries. But I am sure that members of all political parties who have done business with the offices of the ministers would agree that no one should throw bricks at private secretaries merely because they are women. I think it is childish for anyone in the middle of the twentieth century to suggest that for the most part women have no political savvy. I think you might as well say that men have no political savvy. I also think that to handicap individuals because they are women and make it impossible for them to occupy the most important

positions in the country because they are women just cannot be justified in this day and age.

I am glad that the hon. member for Hamilton West (Mrs. Fairclough) has examined the bills that have been passed in Ontario, British Columbia and Saskatchewan and has decided that the most attractive legislation has been passed in my province where the wording is equal pay "for similar or comparable work". That is the wording we find in the present bill. I do not want to be in the position of talking out the bill, but I could not let this opportunity pass without registering my protest against the sentiments expressed by "Tempus" and objecting to the opinions expressed by the Minister of Labour (Mr. Gregg) who apparently cannot support this legislation. I would hope that before very much longer the government will be prepared to go along with the governments of Ontario, Saskatchewan and British Columbia and make legislation such as has been proposed by the hon. member for Hamilton West one of the laws of this country.

Mrs. Ann Shipley (Timiskaming): Mr. Speaker, I am of the opinion that we should avoid labour legislation of a compulsory nature that would interfere with the free rights of collective bargaining. However, I do not think this measure falls within that classification. Rather, this is a matter of the basic rights of human beings, be they male or female. I appreciate what the minister has said regarding the use, or perhaps I should say lack of use, that has been made of this type of legislation where it is in effect. The records show that very little use has been made of it in the two provinces where it has been in operation for any length of time. I understand that the British Columbia legislation was enacted only this year. In thirteen states of the United States there is a similar type of legislation, although it varies a little between states. Here again very little use has been made of it.

I discussed this matter with some of the people in the women's bureau in the United States and asked them what they thought the solution was. They felt that collective bargaining was the answer in those cases where women do belong to unions. But the unfortunate thing about women workers is that a great number of them—I do not know whether or not a majority—do not belong to unions. Therefore the type of legislation proposed in the bill now before us, under which the complaint is laid before the legislative body, seems to be about the only answer to the problem. But the legislation is simply not used where it is in effect.

When this bill was first mentioned in the press last December I was very much interested in reading an article in the *Evening Citizen* of December 4 headed "Equal Pay for Women Teachers". They were talking about Ottawa women teachers. The Ontario legislation providing equal pay for equal work for women has been in effect for something like two years and it is a very good act. It is very clear and simple. Yet Ottawa women teachers had asked the school board for equal pay and had been refused. The article goes on to point out that letters were sent to the board from the business and professional women's club and also from the university women's club begging the board to give the women teachers equal pay.

That is a very strange thing because I think I can say without fear of contradiction that school teachers in the province of Ontario at least—I am familiar with this province—have one of the strongest organizations that can be found anywhere. Just one teacher needed to bring this matter before the proper authorities of the provincial government, or a group of them, and yet they did not do so. I am not suggesting they were weak because they did not or that they should have done so. I do not know the circumstances. I can imagine many reasons why they did not.

The chairman of the school board, a lady, stated at the time that they simply could not afford it at this time. Perhaps the Ottawa lady teachers had lengthy discussions with the board and agreed with them or maybe they subsequently got what they wanted. I do not know, although I have watched the newspapers. But there was the situation. They had the law and they did not use it. I simply mention this to bear out some of the points raised by the minister.

An amusing thing happened at the time this article appeared in the paper. There was also a press report covering the presentation of the bill by the hon. member for Hamilton West. During that same week end I met several Ottawa people who said, "Won't it be nice when that bill goes through? School teachers in Ottawa will be able to get the same amount of money". It is a very strange thing, but it does not seem to matter how many times you try to tell people that the federal government cannot interfere with the rights of provincial governments with respect to labour disputes. Nor would the passing of this bill have any effect at all on the school teachers or, indeed, the majority of women workers in the province of Ontario. If the bill were passed a very limited number of women workers would benefit from it in any way. I was interested to hear what the

minister said when he spoke on March 2. He said, as reported at page 2594 of *Hansard*:

> . . . the four great national labour organizations have now made their annual presentations to the government and, although they have many women in their membership, have not recommended that such a bill be passed within the federal jurisdiction. I feel it is probably equally significant that the national council of women, in making their recommendations to the government, did not mention this matter.

The minister went on to say:

> Before advocating federal legislation in this field I think I should like to know that a specific problem existed in the industries coming within federal jurisdiction, and that it was serious enough to warrant intervention. I would want to feel that the problem appeared capable of being remedied by law. So far I do not think there has been enough evidence of such a specific problem or of the fact that this is the remedy for it.

I am very happy to learn that we are to have a women's bureau. The minister has expressed himself as wanting to have all problems affecting women workers investigated. I am hoping that we will have a first-class women's bureau functioning very soon and that when the government does present legislation it will not only take care of this problem but will also lead the way in improving other working conditions of women.

I do not know how any legislation can take care of what I consider the most serious problem, and that is the lack of opportunity for women. There are not too many women who are suffering from a difference in pay, but there are a great many who are suffering from lack of opportunity. I feel that improvement in that direction can only be made by organized groups of employees. I do not know how any government could help to take care of that situation.

I cannot dispute the statements made by the minister that the passing of this bill would mean very little to women employees under the jurisdiction of this government, because we not only recognize the principle but we practise it. Nevertheless, I do believe that the principle involved is of such basic importance to all women it should be written into the statutes of Canada. For that reason, I must support the bill.

Hon. W. E. Harris (Minister of Citizenship and Immigration): I know there are other hon. members who want to speak on this particular bill, but in a moment I am going to suggest that I be permitted to move the adjournment of the debate because we have come to an understanding on the bill we were discussing at five o'clock. If I could have the unanimous consent of the house to suspend this particular hour and revert to the previous proceedings, we might pass the one outstanding amendment and complete the bill before six o'clock.

[Mrs. Shipley.]

Now, I would not make this request, Mr. Speaker, unless I was aware of the fact that there are other members who desire to take part in this debate, so that we would not complete it before six o'clock.

The Acting Speaker (Mr. Applewhaite): Is there unanimous consent to assume that the business of public and private bills hour has been completed?

Mr. Green: I should like to have it quite clear that the minister is not, in effect, killing this debate. He has mentioned that he would adjourn the debate and that is a method used by the government to kill the debate. It would be better to have an agreement that it will be called six o'clock and then the debate is not killed.

Mr. Harris: It does not make any difference to me how it is done. My only point was that someone would adjourn the debate in about five minutes in any event.

Mr. Hodgson: Would it be all right for me to adjourn the debate?

Mr. Harris: Quite.

The Acting Speaker (Mr. Applewhaite): If this debate is interrupted by six o'clock, there is no necessity to adjourn the debate. Is there unanimous consent that the business of public and private bills hour is to be concluded?

Mr. Hodgson: May I call it six o'clock?

The Acting Speaker (Mr. Applewhaite): Is there unanimous consent that the business of public and private bills hour is to be concluded?

Some hon. Members: Agreed.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

The house resumed consideration in committee of Bill No. 377, to establish an account for the replacement of government property lost, destroyed or damaged through fire—Mr. Abbott—Mr. Applewhaite in the chair.

On clause 1—*Short title.*

The Deputy Chairman: Is it agreed that I report progress and ask leave to sit again later this day?

Some hon. Members: Agreed.

Clause stands.

Progress reported.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

The house resumed consideration in committee of Bill No. 374, to control export and import of strategic materials—Mr. Howe (Port Arthur)—Mr. Applewhaite in the chair.

On clause 5—*Import list of goods.*

The Deputy Chairman: I understand there is an amendment to this clause.

Mr. Fulton: I have had no opportunity of consulting with the hon. member for Greenwood, Mr. Chairman, as I have been unable to locate him. I shall, therefore, assume the responsibility for stating that the hon. member will agree to withdraw the amendment he moved for the purpose of allowing another amendment to be moved which has been agreed upon between both sides.

The Deputy Chairman: Has the hon. member leave to withdraw his amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. Dickey: Mr. Chairman, I am asking the Minister of Citizenship and Immigration to move the following amendment:

That clause 5 of Bill No. 374 be amended by inserting a semicolon at the end of paragraph (c) and adding the following general words after paragraph (c): "and where any goods are included in the list for the purpose of ensuring supply or distribution of goods subject to allocation by intergovernmental arrangement or for the purpose of implementing an intergovernmental arrangement or commitment, a statement of the effect of or a summary of the arrangement or commitment, if it has not previously been laid before parliament shall be laid before parliament at the time the order of the governor in council including those goods in the list is laid before parliament pursuant to the Regulations Act."

Mr. Harris: I so move.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

The house resumed consideration in committee of Bill No. 377, to establish an account

for the replacement of government property lost, destroyed or damaged through fire—Mr. Abbott—Mr. Applewhaite in the chair.

On clause 1—*Short title.*

Mr. Knowles: Mr. Chairman, I think this bill is unique, in terms of legislation coming before the House of Commons, in that it seems to be pretty satisfactory to all concerned. I made only one suggestion for improving it when we were at the stage of second reading, and I am wondering whether any consideration has been given to it. It is not a matter of world-shaking importance, but it did seem to me that it might be desirable to provide that a report be made to parliament on the operations under the act. I even went to the trouble to draft an amendment that would add a clause 10. However, I am merely suggesting that now so that some thought might be given to it.

Mr. Benidickson: Mr. Chairman, I think that at the second reading stage the two hon. members who spoke raised two very valuable points. The hon. member for Greenwood said: Is the government aware of the fire prevention advice that is offered by commercial insurers? On that point I would draw to his attention the fact that there is in the federal service a dominion fire commissioner, and I want to assure the hon. member that his remarks in that respect will most certainly be drawn to the attention of that official.

Then, the hon. member for Winnipeg North Centre was concerned about the question of reporting the charges to this fund. I, too, as a member of parliament, was concerned about this and satisfied myself that, hitherto, on the contingency item in the Department of Finance—I believe it is item 114 in this year's estimates and was item 115 in last year's estimates—there is in the public accounts very explicit detail as to the use of a contingency item of this kind. I feel I can satisfy my hon. friend that this would be reported similarly in subsequent years under this enactment.

Mr. Knowles: Are those contingency items replaced by subsequent votes?

Mr. Benidickson: I think my hon. friend knows, from reading the act, that it is contemplated that a department suffering a loss such as we have in mind could, within the year in which the loss took place, replace that loss, if they did not require the funds for something else that year. On the other hand there is an obligation upon the minister of that department to put in his estimates an equivalent vote in the following year, if

he has not been able to provide the funds for the fire loss in the year in which it occurred.

Mr. Knowles: Perhaps I did not make my question clear. The parliamentary assistant was referring to the practice with respect to contingency items that are included in the estimates, and said that there is a full report on expenditures under those items in the annual report known as the public accounts.

Mr. Benidickson: Probably I should have said that I can assure the hon. member there will be an equivalent explanation in the public accounts for any expenditures from this fund.

Mr. Knowles: I seem to be having trouble to make my point clear. It seems to me this account is different from the contingency items, in that it has to be kept up to scratch. Whatever money is paid out of this $5 million must be replaced. And, because it is different from the contingency items, to that extent it did occur to me that there was a justification for requiring a report on the administration of the act.

I shall read what I have before me by way of a suggestion, but I will not offer it as an amendment until later. It was going to be my suggestion that the following amendment be considered by the government:

That Bill No. 377 be amended by adding thereto, immediately after clause 9, the following marginal note and clause:
"Report to parliament:
10. The Minister of Finance shall, as soon as possible after the end of each fiscal year, lay before parliament a report on the administration of this act during the preceding fiscal year".

Mr. Benidickson: I can appreciate the hon. member's point. I think in our private activities as members of parliament we have the same objective in mind. I must say however that when I looked at the explanation in the public accounts of the expenditures under, we will say, contingency vote No. 115 of last year, I felt members of parliament would be better satisfied with that type of reporting in use for that contingency item than would be possible under the suggestion of my hon. friend.

In my official duties I have had occasion to table a statement that certain amounts have been spent and certain things have been done because of some requirement that this should be tabled say fifteen days after parliament is opened, or something of that nature. But I think most members of parliament are more likely to be satisfied with an explanation for this type of expenditure in the public accounts. I can assure my hon. friend it will be explained as well in the public accounts in subsequent years just as the contingent vote has been explained in the past with respect to the fund of $1 million for contingencies in the Department of Finance.

Mr. Knowles: The only comment I would make is that I think I keep as well abreast of what is going on around here as the average member, and I have not yet run across the item to which the hon. member is referring. I would be glad if he would tell me on what page of last year's public accounts I can find it.

Mr. Benidickson: I do not have the public accounts in front of me at the moment. However, I have checked them. I believe the item last year was No. 115; and if my hon. friend will refer to the estimates for this year he will find it is item No. 114 in the estimates for the Department of Finance. But I can assure him that the net expenditure was explained in detail in the public accounts of last year.

The Deputy Chairman: Shall the clause carry?

Mr. Macdonnell: I want to ask for just a little further information about this question of mine this afternoon, what I called expert advice on the matter of fire avoidance. As I understood it, the parliamentary assistant said that there was a dominion fire commissioner—is that the proper phrase? May we have a little further information as to the set-up and the scope of his department, if he has one, and of the nature of his duties?

Mr. Benidickson: It has been principally a matter of collating information in respect of crown fire losses. I told the hon. member that I felt his remarks this afternoon were pertinent to the desirability of assuring for crown purposes that all the best information available for the prevention of loss by fire would be drawn to the attention of that official, and I said that I would commend the hon. member's remarks to the commissioner.

Clause agreed to.

Clauses 2 to 9 inclusive agreed to.

Mr. Knowles: Before you move on, although I shall not take the time of the committee to dispute the explanations offered by the parliamentary assistant to the Minister of Finance, it does seem to me the nature of this bill is such that an annual report to parliament would be desirable. It is up to the government whether or not it will be accepted, but to achieve that purpose I move:

That Bill No. 377 be amended by adding thereto, immediately after clause 9, the following marginal note and clause:
"Report to parliament.
10. The Minister of Finance shall, as soon as possible after the end of each fiscal year, lay before parliament a report on the administration of this act during the preceding fiscal year."

The Deputy Chairman: Shall the amendment carry?

Mr. Harris: No.

Amendment negatived.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Applewhaite): When shall the bill be read a third time?

Mr. Knowles: Next sitting of the house.

The Acting Speaker (Mr. Applewhaite): Next sitting.

SUPPLY

The house in committee of supply, Mr. Applewhaite in the chair.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

210. Departmental administration, $470,422.

Hon. George Prudham (Minister of Mines and Technical Surveys): Before we deal with the items of the estimates I should like to put on record a few statistics and a general review of the mineral industry in Canada. I shall do this rather fully because our "summary of activities", the report distributed by the department to members of parliament each year, is not yet available from the printers.

This house has listened for many days this session to the disciples of blue ruin, predicting a depressing future for this country, growing unemployment and general decline. Mr. Chairman, we in Canada need never look back if we rise to the challenge of applying the great sources of energy we possess to the development of our national industrial structure. Nowhere else in the world today do 15 million people in one nation possess the heritage that is the lot of the Canadian people.

Not only does this nation have a remarkable heritage of mineral wealth but it also has proven sources of energy supply required to develop our natural resources. Our oil, natural gas, coal and electricity and in coming years perhaps atomic energy, are the keys to the unlocking of our great storehouse of minerals and our natural resources generally. One task facing us today is to develop these sources of energy and their distribution to areas of Canada where the energy can be most effectively used.

Mining in Canada in 1953 gave every evidence of a flourishing industry. Despite lower base metal prices, and labour disputes in two of the country's biggest camps, a new high of $1,331 million was recorded in the value of mineral output, an increase of $46 million over 1952 and almost three times that of a decade ago. Over 128,500 men were employed in mines and quarries in 1953 at wages and salaries totalling $435 million.

Crude petroleum with an output valued at $198 million became Canada's No. 1 mineral, replacing gold which, after 25 years as the leading mineral, dropped to fourth place with a production valued at $139 million. Nickel at $161 million was second and copper at $151 million was third.

The sharp decline in lead and zinc prices brought about the closing down of several marginal producers particularly in British Columbia, and a substantial cutback in the production of zinc by Canada's largest producer.

As Canada is the leading exporter of the principal non-ferrous base metals much depends upon the export market particularly in United States. During the past year the question of tariffs on imports of base metals into United States has been widely discussed in that country. Canada has participated in some of these discussions, and it is hoped that a decision favourable to our base metal industry will be arrived at soon.

The outstanding feature of the year in the Canadian mineral industry, however, was the intensive and widespread exploratory and development activity that was carried out in the territories and in every province except Prince Edward Island. This activity resulted in, among other things, the bringing in of such new mines as the Eldorado Mining and Refining ace-fay uranium property in the Beaverlodge area of northern Saskatchewan, the Lynn Lake nickel-copper property in northern Manitoba, the Cassiar asbestos property in northern British Columbia and a copper-gold property in the Chibougamau area of Quebec, the first producer in that area. Much progress was made in the several large-scale projects under way such as that of Quebec-Labrador iron ore field into which the 360-mile railway has been virtually completed and from which ore is expected to be shipped by late summer, and at the Gaspe copper deposits which are to be brought in late this year.

An idea of the intensity of exploration, which proved greater in 1953 than in any other year in the history of Canadian mining, may be had from the preliminary estimate of over 130,000 claims staked during the year. This is a 216 per cent increase over 1952. The outstanding example was in New Brunswick, the scene of the Bathurst find, where some 41,000 claims were staked in 1953 compared with only 1,600 in 1952.

Oil, natural gas, iron ore and uranium proved to be the major newsmakers in 1953. Oil production rose to 81 million barrels, compared with 61 million barrels in 1952. The industry spent some $365 million in the search for oil and discovered light crude oil in Saskatchewan and Manitoba, and new major fields in Alberta.

The development of the petroleum and natural gas resources in western Canada in the last seven years has been so spectacular that they could not have been foreseen by even the most optimistic enthusiast. The initial stages caught the attention of the public and made headlines in the press, so that it seemed to many that suddenly, without preparation, great resources had been uncovered. This is not so. Back of these discoveries are years of patient toil on the part of many scientists and engineers. Through the years they have provided the fundamental knowledge on which the recent development is based.

The land subdivision of the early settlement years, done by the dominion land surveyors, together with the precise level and triangulation surveys of the geodetic survey, were the foundation in western Canada for the base maps formerly prepared under the department of the interior of the federal government, then under the geological survey, and now under the surveys and mapping branch of mines and technical surveys. Without adequate maps no resource development is possible in a systematic manner because each base map becomes the working tool of the geologists and geophysicists, under whose direction and guidance most exploratory programs are planned and carried out.

The foundations in the preparatory work for the successful development of petroleum and natural gas were laid by geologists of the geological survey of Canada. The names of Dawson, McConnell, Dowling and many others are famous in the interpretation of the geological features of western Canada. The reports of these men—the great geological pioneers of the plains, foothills and mountains—are still in great demand because of their clear exposition of the regional geological features based on their accurate observations.

Since about the beginning of this century the geological survey of Canada has each year had several parties in western Canada mapping geological features. The younger men of today on our staff are performing work just as important as the pioneers of yesterday, even though it is mostly of a more detailed nature. There now is an exceedingly large amount of new information made available daily from the drilling of wells. The collection of this is a tremendous task for which we have a small staff in our Calgary office who, even though they cannot hope to keep pace in the complete correlation of all the data, are assisting in the development by making it available for the use of other geologists in the employ of the various oil companies.

It would be difficult to assess the value of this work. But certainly the combined efforts, not only of those in private enterprise, but also those in the employ of the various provincial governments of western Canada, as well as the federal government, are such that in relation to oil and gas discoveries the major problems have now suddenly become those of marketing, because of the great volume of riches that has been so rapidly revealed.

To summarize briefly the more recent developments is almost impossible because of the magnitude and significance of the results. For a time in the early part of 1953, it appeared that there would be a slackening in the discovery rate, but by the end of the year some really remarkable discoveries had been made. Among these may be cited the Roselea field in Manitoba, the Smiley field in Saskatchewan, and the Pembina and Sturgeon Lake fields in Alberta. New gas developments in northeast British Columbia assure more than adequate reserves for the Westcoast Transmission line now planned to Vancouver and the Pacific northwest united states.

Of all the fields, Pembina is beyond doubt the largest, and recent estimates have placed the reserves at 800 million to 950 million barrels in this one field alone, with a possibility that the number of wells that ultimately will be drilled on 80 acre spacing will be equal in number to the 4,600 presently producing oil wells in the whole of Alberta. Recently in one week alone there were seven new discoveries of oil and gas in western Canada of which two were in Manitoba, one in Saskatchewan, three in Alberta, and one in British Columbia.

Although it is too early to assess the complete value of these, the one in Saskatchewan in the Estevan area is of very great importance in that the well yielded not only large volumes of gas but, in addition, a high volume of light crude oil. One of the Alberta discoveries in the area west and north of Didsbury also seems to be highly important, showing a thick porous section in the Mississippian from which the oil and gas in Turner valley was produced.

As far as the gas reserves are concerned, in the last year these have been increasing at an unprecedented rate and there is so much now beyond what Alberta can use in the next 30 years that there appears little doubt adequate reserves will be provided for the Trans-Canada gas line by the Alberta petroleum and natural gas conservation board.

As is well known, oil pipe lines have been built both east and west from Alberta. There is the Interprovincial pipe line, first built to Superior, Wisconsin, at the head of the great lakes, and last summer extended as a 30-inch line capable of carrying 300,000 barrels a day to Sarnia in southwestern Ontario. Then there is the Trans Mountain pipe line, built from Edmonton to Vancouver, which will be extended to supply refineries in the state of Washington. If present plans for gas pipe lines are fulfilled, as seems now probable, the next two or three years should witness a very large pipe line building program, with gas eventually moving eastward from southern Alberta to supply central Canada, and gas moving from the Peace river area to supply Vancouver and the Pacific coast area of United States.

I wish now, Mr. Chairman, to say something on the activities of the metal mining industry.

Iron ore production showed an increase of over one million short tons over 1952 to a total of 6,501,000 tons as a result of the expansion under way at properties in northwestern Ontario, Newfoundland and British Columbia. The steady growth of the industry in these provinces, and particularly in northwestern Ontario, is expected to raise production this year to well over the seven million ton mark. This is without the addition of output from the Knob Lake iron ore field in Quebec-Labrador and the Marmora property in southeastern Ontario, both of which are expected to enter production later this year.

Two areas shared the spotlight in the search for and development of uranium properties. The Beaverlodge area of northern Saskatchewan proved a hive of activity with several companies carrying out pre-production development work on their properties. Feverish staking in the district of Algoma in northern Ontario followed a uranium strike near Blind River, about halfway between Sudbury and Sault Ste. Marie, and thousands of claims were staked during the latter half of 1953, and diamond drilling and surface development work is under way.

A huge development program involving hundreds of millions of dollars is now under way to expand nickel-producing facilities in the Sudbury area from which comes 85 per cent of the world output of nickel. In addition to the expansion under way by the two major producers, three new companies entered production in the area in 1953. Output increased 6·8 million pounds over 1952 to a total of 287·9 million pounds, and this is expected to reach 320 million pounds this year. This will include production from the Lynn Lake nickel-copper mine in northern Manitoba.

These are only a few of the highlights of Canadian mining in 1953 but they are indicative of an industry that is rapidly going places. Such growth, as is to be expected, has been attended by many and varied problems in mining and metallurgy, which in turn have led to considerable increase in the demands made upon the services available in the Department of Mines and Technical Surveys. These services range from topographical and geological surveys to metallurgical assistance in the extraction of metals and minerals from ores, and they include research into the preparation, beneficiation and utilization of the products of the Canadian mining and metal industries.

By steadily expanding its services the department is making every effort to keep pace with the increasingly heavy demands made upon it by a rapidly growing industry. As a consequence, it has been necessary to plan for new laboratory construction; and we hope that construction will start soon. This includes a building that will provide accommodation for mines branch research work on uranium ores and minerals, for its chemical laboratories and for offices for its administrative staff. Also a new building is needed in which to house the geological survey. The construction of a geophysical laboratory will shortly be started to provide space for three divisions of the dominion observatory.

The department comprises five branches: the surveys and mapping branch, the geological survey of Canada, the mines branch, the dominion observatories and the geographical branch.

The surveys and mapping branch produces the maps, aeronautical charts and hydrographic charts necessary for the development and administration of the country and for its defence. The continuing high rate of natural resources development, with no slackening in defence requirements, caused a strong demand for new maps and charts. Including geological maps, almost one million maps and charts were distributed during 1953.

The surveys and mapping branch placed 70 parties in the field in 1953 to carry out geodetic, topographic and legal surveys work. Approximately the same number will be

sent into the field in 1954. In addition to the regular parties, winter field parties are being used to excellent advantage as they can penetrate into areas which are practically inaccessible during any other season of the year.

In co-operation with the Royal Canadian Air Force, the national research council and the meteorological service of the Department of Transport, the branch continued to cover the far north with shoran trilateration, a new electronic method of measuring long distances on the earth's surface, which permits the extension of control into remote areas much more speedily than by conventional methods of triangulation. Since 1948 when this method was first put into use, the sparsely settled area south of the Arctic archipelago, with the exception of Yukon, has been fairly well covered with shoran trilateration.

It is hoped that this method can be extended, in the coming years, with the assistance of the R.C.A.F., to bridge across from the mainland to cover the southern part of the Arctic archipelago. Some triangulation and precise levelling has been and will continue to be done by the geodetic survey for the St. Lawrence seaway project, and triangulation work will include the area of the Hamilton river on the coast of Labrador.

Using helicopters the topographic survey did topographical mapping over 20,740 square miles of territory in northern Quebec-Labrador in the important mineralized region between Knob Lake and Fort Chimo, about 20 miles south of Ungava bay. Two other helicopter-supported operations are planned for next summer. One of these will operate in the Hamilton river watershed and will assist in providing control data for assessment of power development possibilities along that river and particularly at Grand falls.

A little more work by the topographic survey this coming summer in Newfoundland will complete the horizontal and vertical controls needed to map the province. It is hoped that the island portion of Newfoundland will be fully mapped at the one-mile scale within the next two or three years.

The house will be asked to vote the sum of $1,500,000 for the construction of a new hydrographic ship to ply in northern waters. A great amount of work remains to be done to chart our Arctic seas. As a matter of fact, it will go on for perhaps a hundred years. New and forthcoming mining developments in northern Canada require the charting of new sea routes and of approaches to potential harbour sites, particularly in Ungava bay, where vast reserves of iron ore have been discovered.

The geological survey of Canada investigates and studies the geology of Canada, thereby assisting in the search for and development of mineral deposits. It also studies ground water supplies, makes soil surveys and investigates bedrock conditions relative to construction project problems. In 1953 it had 79 parties in the field and it expects to send probably 87 parties into the field in 1954.

The possibility that oil may exist in commercial quantities in the northwestern Arctic islands came to light as a result of the geological survey's field work in 1953 on a prominent circular structure on Ellef Ringnes island. Air photographs have revealed several such structures on these islands. These structures appear to be similar to the salt domes in the oil fields of Texas and Louisiana, many of which have formed traps for highly productive oil pools.

In 1954, it is proposed to undertake an airborne geological reconnaissance survey in the area lying west of Hudson bay and east of Great Slave lake. This survey is identified as "Operation Baker" and is an extension of "Operation Keewatin" which was conducted in the same general area in 1952. Plans are being made for another extension—"Operation Thelon" for 1955. The survey thus hopes to map the entire area between latitudes 60 and 65 and between Hudson bay and Great Slave lake by the end of 1955.

The office maintained by the geological survey of Canada in Calgary, Alberta, gave special attention to the study of oil and gas structures in Alberta, Saskatchewan and Manitoba. In its office at Sydney, Nova Scotia, the survey continued to make a microscopic study of coal particularly for correlation of coal seams. These two offices in Calgary and Sydney will continue their work throughout the coming fiscal year; also the offices in Vancouver and Yellowknife will continue to serve the public. The intensive interest in prospecting for uranium resulted in the radiometric assay of approximately 1,200 samples by the radioactivity resources division of the geological survey. The division revised and published a second edition of 5,000 copies of the handbook, "Prospecting for Uranium in Canada". It is expected that this division will be even busier in the coming year with the intensified search for and discovery of uranium deposits.

An airborne aeromagnetic survey will be conducted next summer in that region north of Beaverlodge and extending into the North-

west Territories, in the hope of delimiting the northward extent of the Beaverlodge uranium-bearing geological formations.

The activities of our mines branch are directly concerned with the technological problems of the mining and metal industry and the branch maintains well equipped laboratories for tests, investigative work and research on these problems in the buildings down on Booth street. If any hon. members have the spare time, we would be very pleased to have them go down there and see what is being done.

The following are some of the highlights of mines branch activities during 1953. Forty-four reports were made to organizations submitting bulk ore samples for testing. Those on the treatment of ores from new properties included, when requested, recommendations for the design of flow sheets for the milling plants. A number of shipments were received from operating properties, and reports on these included recommendations for improving the treatment of the ores and reducing operating costs. Work in 1954 will include studies on the treatment of the complex New Brunswick ores of the Bathurst area.

Research was continued with encouraging results on the baffling problem of producing titanium metal of high purity at costs which would permit its wider use in industry. The development of an efficient economic process would mean that the large deposits of ilmenite at Allard Lake in Quebec would become an important source of the metal. This research will be continued in 1954.

Mr. Blackmore: I wonder whether the minister would read a little more slowly. It is rather difficult for us to follow what he is saying.

Mr. Prudham: The intensive development of Canada's iron ore deposits brought many requests for assistance, including test work on sintering and other beneficiating processes to produce marketable products.

There was a heavy demand for investigations into the metallurgical treatment of radioactive ores. Assistance included laboratory work on mineral samples to provide preliminary information on the concentration and extraction of uranium, and comprehensive investigations including pilot plant operations to work out in detail the treatment suited to particular ores.

Moneys have been provided in the public works estimates for the construction of a building to house the radioactivity division of the mines branch. With a greater number of properties nearing the stage of production the load of work on this division to investigate the treatment of ores is constantly increasing.

Branch engineers have and will continue to carry out analyses, studies and tests of samples of kyanite from the Mattawa area in northern Ontario, and milling investigations on the kyanite from deposits near Sudbury, Ontario, and from the Big Bend area of the Columbia river, British Columbia. The eventual development of these deposits would make Canada independent of present foreign sources and provide the basis of new and greatly expanded refractory and ceramic industries in Canada.

Many projects are conducted by the mines branch at the request of National Defence and for the defence research board: high temperature alloys, special steels for aircraft use, welding techniques, radiographic methods for inspection of castings and many others. Initiated as defence projects, they soon become invaluable in their application to civilian use and thus two purposes are served.

As I announced earlier, commendable progress has been made in the Mordell project where, in association with McGill University, a gas turbine has been built to use low-grade coal as a fuel. This turbine would find application in locomotives and as a small stationary power plant. Test runs have proven successful to date and experimental and performance tests will continue to be made for a year or two yet, until its full characteristics have been established and every avenue explored for possible improvement to its design and functioning. A sum of $100,000 is included in the estimates this year. We expect to ask for another $100,000 next year to complete the experimental and development work.

The work of the dominion observatories is organized in two main centres, the dominion observatory at Ottawa and the dominion astrophysical observatory at Victoria, British Columbia. The centre at Ottawa does research in astronomy and geophysics, the fields covered being positional astronomy, stellar physics, terrestrial magnetism, gravity and seismology. The work at Victoria is devoted mainly to research in astrophysics and to a small but increasingly important extent in seismology.

Since the installation in 1951 of a photographic telescope for the more accurate determination of time by astronomical methods, the dominion observatory has been emphasizing the more effective distribution of time throughout the country by radio methods. A new and more powerful transmitter was installed in 1953 for the short-wave radio transmission of time signals. During the new fiscal year it is intended further to improve the radio service by the installation of so-called speaking clocks

which will broadcast a voice announcement of the time each minute throughout the 24 hours of the day.

Studies of the upper atmosphere of the earth by spectroscopic methods and by the observation of meteors will be continued during the present year. The two powerful photographic telescopes at Meanook and Newbrook, Alberta, which have been established for the photographic triangulation of meteors, are expected to be in routine operation throughout the year. Their purpose is to determine the velocities of meteors entering the earth's atmosphere and the extent to which these velocities are diminished by friction with the air at heights of 60 miles above the earth.

Another project of the observatory is the study of craters found on the earth's surface of form very similar to those appearing on the moon. Two of these have recently been found in Canada, one at Brent, Ontario and one in northern Ungava in Quebec. These newly discovered craters are from two to three miles in diameter and it is generally believed that they are due to the impact of large meteorites. Since the Canadian shield is an area which has remained geologically undisturbed for a long time it may reasonably be expected that it will contain many similar formations. Several circular features from a few miles to some tens of miles in diameter have been noted on maps and aerial photographs which may be due to the same cause. One such feature located in northern Quebec will be intensively studied by gravity, seismic and magnetic methods during the coming year.

In the past the magnetic mapping of Canada for navigation purposes and the provision of magnetic maps of general character on which detailed mineral exploration surveys could be based have been handicapped by the great size of the country, the inaccessibility of the Arctic areas and the lack of any equipment capable of making observations over the ocean. Many of these difficulties have been overcome by the completion in 1953 of a gyro-stabilized magnetometer designed to give both the direction and the strength of the magnetic field from an aircraft. During the present year it is proposed to use this instrument, the first gyro-stabilized magnetometer to be built in any country, to map the ocean approaches to eastern Canada, together with portions of the eastern Arctic and possibly also to make a flight to England to study the character of the magnetic field over the North Atlantic.

In the field of seismology, the Canadian network of 10 seismic stations will be maintained. Further attention will be given to the question of earthquake hazards in the new industrial regions of the west coast. The question of the character of the earth's crust under the Canadian shield will be studied with new and more powerful equipment. In order to study rock layers of several miles in thickness by explosion methods the older procedure of having an array of seismometers connected to a common recorder by wires has proved inadequate. New equipment now under construction will make possible an array of detecting instruments 20 to 30 miles in length transmitting seismic impulses to a central recorder by shortwave radio. This instrument was developed by one of our own departmental scientists.

The geographical branch makes regional and systematic studies of Canadian geography. These studies range from physical geographic studies of far northern regions to land use surveys and to urban surveys for civil defence. The branch played a major role in a study of northeast Newfoundland small coastal settlements and the possibility of grouping these many small settlements into fewer and larger units. This study will extend into the year 1954-55.

The branch continued to map ice conditions in portions of the gulf of St. Lawrence, in Hamilton inlet on the cost of Labrador, and in Ungava bay and Hudson strait, where there is need for information on the exact geographical limits of ice-free water during the critical break-up in the gulf of St. Lawrence. A similar report, with maps, was issued to use at a special conference of the iron mining and shipping companies interested in access to the recently discovered iron ore deposits west of Ungava bay.

Urban surveys were conducted at Winnipeg, Sault Ste. Marie and Montreal at the request of the civil defence division, Department of National Health and Welfare. Similar surveys have already been made in Toronto, Hamilton, London, Windsor, Saint John, and Halifax. More of these surveys will continue next summer in Montreal, Winnipeg and Halifax. Work continues on the atlas of Canada and it is expected to be completed in 1955.

I have endeavoured, Mr. Chairman, to highlight certain projects and activities of the department. I know that the members of the house will find much of this information useful, and I am sure that they will wish further information when we get to the individual items. I know that everyone shares my satisfaction in the prosperity which the mineral industry is undergoing, and will join with me in a word of praise to the rugged

individualists who are, through their initiative and skill and hard work, making these developments possible. I have not made any mention of the coal industry. I would prefer if the debate on the coal industry and the problems related to it could be delayed until the coal board estimates are before the house, which I hope will be within a few weeks.

Mr. Adamson: After listening to the detailed report by the minister, Mr. Chairman, and, unfortunately, having read only the report for the previous year, I believe one could say to one's self, "lucky, lucky Canadians." I have practised my profession practically all over the world, with the exception of east Asia. When the minister of mines in any country can bring down a report of such developments as we have seen take place in the short span of one year, that country is indeed fortunate.

I realize that possibly it is wise in a political discussion to try to prove that we are perhaps not as fortunate as we are. In so far as this department is concerned, I disagree with that philosophy. Without question, we in Canada are the luckiest people in the world so far as our natural resources are concerned. I hope that no member in this house and I hope that no Canadian, will ever forget that, because upon that depends our essential prosperity.

The next point I wish to mention with regard to this department is that I want to pay tribute to the working force of the department, the engineers, the geologists, the metallurgists and the scientists generally who have made this development possible. A lot of people seem to think that you go out and discover oil wells or ore bodies or when you have discovered the oil well or the ore body, the method of milling and refining or separating the metal from the rock is a comparatively simple matter. May I say that without the skilled help of the technical people in this department, a great deal of this amazing development would have been quite impossible.

I would say that the majority of these devoted scientists who are working for Canada are working for a monetary return well below that which they could demand in private industry. I am not going into detail or to mention any names, but on frequent occasions I have known people who have been offered by private industry a multiple of the salary they were getting with the department, but who have refused it and remained in the service of Canada. This is something for which we and the Canadian people must at all times be extremely grateful. Without these devoted servants, a great deal of this development would not be possible.

I should like now to mention the working force in the industry. While the minister was reading his report, I made a little calculation. The working force in the mineral industry in Canada amounts to 128,500. It is generally estimated that for every man working in the mineral industry there are four others dependent on that industry. The mineral industry is, therefore, responsible for no less than 514,000 other jobs, directly. I believe the department of mines in the United States has a further figure showing that those indirectly dependent upon the minerals industry are at a ratio of eleven to one. So that no less than approximately 1,400,000 of the total working force in Canada are indirectly responsible to the mineral industry. The wages paid to those men amounted to $435 million, which works out to an average annual wage of no less than $3,400—figuring to the closest hundred dollars.

I mention this because here is an industry in which those engaged in it are, in the majority of cases, receiving annual wages away above the normal in Canada. That is something I suggest we should take into consideration. Some of these people may be directors or engineers, but their number would be small compared with the remaining workers. So that the figure of $3,400 is, I think, a reasonably accurate one.

The other day, in discussing the housing legislation, we were worried because so many of the working force in Canada are receiving wages less than the minimum required to participate in the benefits of that legislation. Here we are discussing an industry the average wage in which is at least $500 above the minimum required to participate in the legislation passed last week. I mention that only to indicate what the industry means to Canada.

I come to my next point which, I suggest, is also significant. I refer to the cost of the department expressed as a percentage of the value of total mineral production. That total mineral production last year of $1,331 million was up $46 million from the previous year which, in turn, was up $40 million from the year preceding. The cost of the department, less $15 million for the Emergency Gold Mining Assistance Act, and the coal board which cannot be charged legitimately as an expense against the department, amounted to $16·6 million. In other words, in the last year the ratio of the cost of the department to the value of total mineral production was 1·23 per cent.

I mention that figure merely to emphasize the efficient work being done by the engineers and technicians in the department. The cost of survey work, the work of the mines branch, mapping and geological work came to something less than 1¼ per cent of the value of total production last year, which I stated earlier as about one and a third billions of dollars.

At this point I would say that while I have not the figures for the United Kingdom before me the last year for which I saw those figures indicated that the expenditures by the United Kingdom on geological survey was greater than those in Canada for the same purpose. These figures are not absolutely comparable, because they include some things that our figures do not include, and there are some discrepancies. Yet, the United Kingdom which, we consider, is geologically poor, a country the geological formations of which are chiefly concerned with coal and iron, including a comparatively small amount of other minerals, considers the work of geological survey so important that their expenditures for that purpose are greater than ours in Canada.

If our production increases at the same rate in the next decade—and I think there is every reason to believe it will, unless world markets are completely destroyed—Canadian mineral production will exceed $4 billion a year, an amount considerably greater than the gross national product before the war. I mention this only to show the extraordinary growth taking place in this country. It is something that challenges the imagination of every Canadian. We have to stop and think about it to realize what it means to us in Canada, what it means in the matter of increased population, what it means in connection with finding new capital, and what it demands in the way of improving our methods of extraction and of discovery, and all those other technical procedures with which the mines branch has to deal. So much for that phase of the matter.

I should like now to deal with one or two of the individual items of expenditure by some of the companies. According to its last report, the International Nickel Company has spent over $150 million in the last two years. According to the minister's statement, expenditures running to hundreds of millions of dollars are already under way, by the nickel industry as a whole. Thus we have one metal where hundreds of millions of dollars are being expended for its future development at the present time.

I ask any hon. member this question. The minister comes tonight with estimates for the expenditure of $27 million. If there was a policy of nationalization of the mines in Canada, what would any elected assembly do if a minister of mines and technical surveys came down to the house and said: "I want hundreds and hundreds of millions of dollars for the development of nickel"? Why, no government under our method of accounting would dream of accepting such a statement; and yet, if we had nationalization of the mining industry, without the expenditure of those hundreds of millions of dollars, the industry could not prosper and increase the way it has been. I mention that just as an example to show the fallacy of any program of nationalization of the mining industry.

I shall give another example. I have not the figures in front of me of the amount that was spent last year, and the minister will correct me if I am wrong, but something like $320 million was spent in the exploration and development of petroleum products.

Mr. Prudham: The amount was $1 million a day.

Mr. Adamson: Thank you very much; $365 million for exploration and discoveries. Suppose a minister came to this house and said: "I want $1 million a day to go out and do some prospecting and drilling". What would any hon. member say; what sort of reception would he get? What reaction would the treasury board have to such a statement? Yet today private industry is risking and betting a million dollars a day in this one industry.

I give the committee these two examples of the fallacy of any program of nationalization of the mineral industry in Canada. It is a risk business. Enormous sums of money have to be spent to win the minerals. To say that you could come in with any finite sum and say, "We want, shall we say, $50 million to develop the Pembina field in the next year" is far-fetched. The Pembina field may require $100 million to $200 million to develop. Is that the sort of proposition that could be brought to the house? Is that the sort of proposition that the Minister of Finance could produce estimates for? I would not think so. That is an example of the fallacy of this policy of nationalization. Nothing has shown it so clearly as the statement the minister has given the committee tonight.

I want to deal very shortly with one other question. I have not the annual report for the present year; it is not printed, but for the past year I find this statement on page 8 regarding the petroleum industry:

> Much of the gas occurs in close physical association with the oil and would be largely wasted if crude oil production were unduly increased.

What does that mean? It simply means that it is imperative to find a market as quickly as possible for natural gas. Unless we are going to waste and destroy a great national asset in the natural gas and burn it off at the wellhead in flares, which is a criminal thing to do, a start on the gas pipe lines must be made at the very earliest opportunity. That gas must be used. It must be used in the industries in Canada. It must be used not only in the industries in Canada but in the development of new industry, and it also must find a North American market where that is available after our own needs have been supplied.

Let me give you one example of what this may mean. In the last month or two a new deposit of base metals, silver, copper and possibly other metals has been discovered at Manitouwadge in northern Ontario. It is in an area where there is no fuel; it is in an area where the cost of fuel for smelting and refining purposes might be so great as to jeopardize the whole development of the project. Yet—and this is a very rough estimate—I have heard it said that if this new development fulfils promises, a market for no less than 10 billion cubic feet of gas will be established. A market for 10 billion cubic feet of gas is larger than the present consumption of the city of Toronto. This is probably not a really fair comparison because the city of Toronto is using artificial gas at the present time with a low thermal rating and very expensive, but still quite a lot of gas is used. In this one new development there is a potential market for a greater amount of gas than is being used in Toronto at the present time. I mention that not as a mine promoter, or anything of that kind, but as an example of the challenge we are facing in Canada today with development in this country. A year ago that was barren land. Today it is a potential market for 10 billion cubic feet of gas.

The next item I wish to come to is proper housing of the department in Ottawa. I sincerely hope that the geological survey will be properly housed in the near future in a building of its own. To stick it away in the museum, and house it all over the place the way it is, is nothing short of criminal.

I do not know whether the same is true today, but the mines department was at one time housed in 27 buildings in Ottawa. Indeed, the central registry was in fact the boy on a bicycle and if there was to be a file drawn he was alerted and went to the central registry where he picked up the file. Whether that is so today I do not know, but it certainly was the situation at one time.

To try and run a department under these conditions is almost impossible and I hope the department will, in the shortest possible time, get itself properly housed, not only as far as laboratories generally are concerned, but also as regards ore dressing laboratories in particular, and all the other departments dealing with the mines. I hope the same will be done for the geological survey, and that it will be properly housed in a building of its own. I have expressed this hope for many, many years, and I now sincerely hope that, with the development now taking place, this matter will be dealt with without further delay.

I would also like to say a word about the development and refining of titanium. Titanium is a metal of enormous promise but the difficulties have not as yet been completely solved as regards a method of cheap extraction from the basic ore, ilmenite. The department has worked, I believe, for four years on this one problem, but if a solution is found the whole question of producing aircraft engines which will stand the terrific heat of the new supersonic planes will very largely be solved.

Each development ties in one with another. Work for the Department of National Defence proceeds and something of great commercial value is discovered as a by-product. There again I would like to say that we on this side of the house have complained that the amount of research work being done in Canada is woefully inadequate. This one example of the refining and producing of titanium ore is an example of what I mean.

Coming now to the project regarding iron ore. In the not too distant future the deposit at Steep Rock will be producing in the nature of 15 million tons a year, which is over double the present production of iron ore in Canada. The challenge there, Mr. Chairman, is not only to the miners and the producers, but the challenge is also to find an expanded steel industry which will use a larger part of that ore than is being done at present. With this great potential of iron ore I feel that we must in every way possible encourage the steel industry to expand to meet the challenge of the natural resources of this country. I know a great expansion has taken place since the war. I know our major companies have expended many millions of dollars on new blast furnaces at Hamilton, the Soo, and elsewhere in Canada, but with the great possibilities of development now before us we must be prepared to look for a steel industry in Canada many times its present size. That is one of the subsidiary challenges arising out of the present situation.

Now, Mr. Chairman, I have taken rather longer than I intended on this subject, but if I have done nothing else I sincerely hope that I have shown you, sir, and to hon. members who may not be interested in mining as much as I am, that today the greatest internal challenge we have in Canada is the development of our natural resources.

Mr. Herridge: Mr. Chairman, I want to take the opportunity to say a few words on the work of this most important department before this particular item is approved. I was very interested in the statement the minister read which was quite comprehensive and informative. It is the type of statement that one can possibly derive more from by rereading it, but personally I appreciate that he has made that statement to the house.

I was interested in the remarks of the hon. member for York West who has just resumed his seat. I would not for a moment profess to have his knowledge of the mining industry, but when the hon. member speaks he rather creates the atmosphere of the board room, of company directors discussing the development of the mining industry. Possibly, Mr. Chairman, you will excuse me if I create the atmosphere of the bunkhouse, the prospector's cabin, and the miner's wife who is a bit put out about unemployment and that sort of thing.

This, Mr. Chairman, is one of the most important departments of the government and I believe it is a department about which a good many hon. members in this house know very little. I always make a practice of reading the annual report of this department with great interest, because it is a department whose work is vital to the development of our natural resources. It is a department about which hon. members should be well informed so that they can in turn inform their constituents and people generally about the nature of the work being done.

That is the reason why, Mr. Chairman, I suggest again, as I did last year and the year before, that in my opinion the estimates of this department should be referred to the committee on mines, forests and waters, which has been in a sort of moribund condition for about, I believe, eight years.

I think it would be a good idea indeed to have these estimates referred to that committee, not solely for the purpose of finding out how the money is expended but in order to give to a good many of these excellent officials and people who are doing this work the opportunity to explain to a committee of this house the details of the work they are undertaking. I think that procedure would be extremely helpful indeed.

I find other members who have little idea as to the excellent work being carried on by the various branches of this department. I have some knowledge of the excellent work that is being carried on because the miners in my constituency have often told me of the excellent service the department gives to those who want advice on the treatment of ores and things of that sort. If these estimates were referred to the committee, I think there would be given to the members of that committee an opportunity to hear evidence from the officials and to gather a great deal of useful information.

I think it is about time the committee on mines, forests and waters was put to work. Here we are in a period when our natural resources are being developed at their greatest rate in Canadian history, when there is the greatest interest in their development and also possibly the greatest interest in the conservation of natural resources; yet the very committee that should be giving consideration to these important questions, to my knowledge, has not sat for seven or eight years or maybe longer. I urge the minister to give consideration to having his estimates go before that committee so that we can gather some information about the work of the department. Let us utilize this committee.

Having made those few remarks in general, Mr. Chairman, I want to say a few words about a matter that is of serious concern to a great number of my constituents, namely the closing of a good number of the base metal mines in the interior of British Columbia. When I was listening to the minister's statement I noticed that he made a reference to base metal mining, but it was a reference of only two or three sentences. It seemed to me that he rather skipped over that aspect of the question. While the general mining situation may be satisfactory, I am sure the minister knows, as do his officials, that for many of the small operators in certain sections of British Columbia a serious situation exists so far as base metal mining is concerned. I want to say a few words about that matter at this time.

I have lived in the interior of British Columbia for nearly fifty years and I know a great many of these people in the small mining communities. The closing down of these small mines affects the communities of Salmo, Kaslo, where the hon. member for Vancouver-Quadra was born—and I am sure he knows all about the shut-down in Kaslo

and the surrounding district—Sandon, Silverton, New Denver, Slocan city, the Trout lake area and the Boundary country. There are large numbers of people seriously affected at this time because of the closing of most of the smaller base metal mines in this area.

As far back as I can remember, the history of base metal mining in the camps I have mentioned has been one of boom and slump. Ever since mining was commenced in the early 1890's in this area there has been a period of activity and employment, with money expended on roads by the provincial government and money expended on surveys by various corporations and individuals; a short period of activity and prosperity and then a shut-down. That has been the repeated history of these smaller base metal mines in the interior of British Columbia.

I have known a great many of these people throughout the years. I have known many of these old-time prospectors who, unfortunately, are passing out of the picture. The old-time prospector has not much opportunity as against the diamond drill and the large amounts of capital required to establish a mine nowadays.

I might tell you, Mr. Chairman, a story that comes to my mind. I know a chap named Jack Rady, an old prospector in the Lardeau country, one of those men who prospected for 50 years and made a few finds but who never became well off. I was wanting to go up the Duncan river 18 miles in order to visit six or eight chaps who were developing a small claim there. He was the only one who had an outboard motor powerful enough to go up the Duncan river at high water. As we were going up the river with some difficulty he said, "I do not know what I can do to help the C.C.F. but I certainly feel like helping them because I know the C.C.F. have always done their best for the prospectors and the small operators in the mining areas. I will tell you what I will do", he said. "There is not anybody in the Trout lake area who has an outboard motor powerful enough to go up the Duncan at this time of the year. There is not one of the other fellows in the other parties who can get through to these six chaps until the ballot is counted. That is the best that I will do." That is the spirit of these old-timers; and it is many of these people and their dependents who are suffering because of the decline in the base metal industry at this time.

I think the time has passed when governments can let communities and human beings suffer periodically as they have suffered in these communities without any action and without any planning. I have heard from several groups in this connection. I have heard from the miners directly, the prospectors, and those interested in mining. I have heard from the miners' wives; and I can tell you that a miner's wife can, on occasion, become quite vocal when her husband is out of work for some extended period. I have heard from the business people in these small communities and I have heard from a good number of the small operators. In order to shorten my remarks this evening—and I do not want to extend them more than is necessary to give to the committee the picture in the base metal mining industry in the small mines in the interior of British Columbia—I am just going to quote from a brief that was sent to me by the International Union of Mine, Mill and Smelter Workers. It is the statement and proposals adopted by the sixth Canadian convention of the International Union of Mine, Mill and Smelter Workers for submission to the government of Canada. The minister was one of those who heard these representations. I just want to quote briefly from a paragraph in the brief entitled "Crisis in Base Metals" and which reads as follows:

> So far the base metals crisis has developed mainly in lead and zinc. The fall in lead and zinc prices has been very heavy. The Canadian price of lead is now 12 cents a pound, 40 per cent below the high point in 1951. The price of zinc is 9¼ cents a pound, more than 50 per cent below the price at the end of 1951. Further declines must be expected.
>
> The heavy fall in lead and zinc prices affected first the small and marginal mines with high production costs. Already no less than 22 mines in British Columbia alone have been forced to close down. This situation is made worse by the fact that there is only one smelter for lead and zinc in Canada, namely the smelter at Trail, B.C. on which the majority of mines depend for the smelting of their ore. Just when metal prices were falling this smelter chose to raise its smelting charges, thus tightening the squeeze on the smaller mines and helping to force some of them to close down.
>
> Thousands of workers in our industry have been laid off. In the communities where mining is the only industry, it means there are no other jobs available, and that the merchants and farmers suffer too. In many mining communities the situation is as bad today as it was at the depth of the depression 20 years ago. The major lead-zinc producer in Canada, the Consolidated Mining and Smelting Company, is now also cutting down production; there have been large lay-offs at the smelter in Trail, while arrangements have been made in Kimberley between the company and the union to work short time so as to maintain maximum employment under the circumstances.
>
> As already noted, the crisis in non-ferrous metals has until recently been limited to lead and zinc. But now it threatens to engulf copper as well.

The report goes on and explains this in greater detail. Then the union makes certain proposals. I might say that I was visited by some small operators as well who, in general, supported these proposals. The union suggests that there should be an increase in unemployment payments and that

there is a necessity for the broadening of export markets overseas, particularly in the British commonwealth and Europe. It also proposes the building of a lead-zinc custom smelter in western Canada to free the small producers from dependence on the smelter at Trail for the processing of their ore.

I am not going to take the time of the house to deal further with the brief. I mention this to bring the serious plight of the people engaged in small mine operations to the attention of the minister. In my opinion it is not good enough to go decade after decade and let this situation recur and recur without any government action to prevent it and without any attempt to plan. In my opinion the responsibility rests on the federal government and provincial government, and in our area there is a moral responsibility on the Consolidated Mining and Smelting Company.

I know that the primary responsibility rests on the provincial government because natural resources come directly under its jurisdiction. I think it is up to the provincial government of British Columbia to give a lead in this direction and to do something to indicate to the federal government and to the Consolidated Mining and Smelting Company that it is interested in getting all three groups together to do some planning to prevent these recurring slumps.

The federal government has some responsibility. It is responsible for trade policies. It has a great deal of effect with its taxation policies and so on. I do not know whether the minister has had the opportunity to meet the minister of mines of British Columbia, but I do urge that every co-operation be extended to the government of that province if they wish to work with the minister and with the large mining companies to see what can be done about this very important question.

The federal government can continue to render valuable technical aid to these small industries, but I emphasize again that it is no doubt the primary responsibility of the provincial government to give some leadership in seeking protection for these communities and the workers employed there. The Consolidated Mining and Smelting Company has a definite responsibility but I think you cannot blame the company so much if the government does not take action in the matter.

As I say, the company has a moral responsibility because it has a monopoly of the power production of the interior of British Columbia, has control of the greater portion of the base metal resources of that part of the province and has a monopoly in the smelting industry. I know the company has been of great advantage to the interior of British Columbia, and I am of the opinion, if the provincial government would go ahead in this direction with the support of the federal government, that as a result of the co-operation of the two governments and the Consolidated Mining and Smelting Company something could be done to improve conditions in the small base metal mines in the interior of British Columbia.

In reading this very interesting report I noticed that it says that company production was reduced because of a shortage of power. I want to read one paragraph on page 9 which is as follows:

> The substantial increases in the tonnage outputs of lead and zinc over 1951 failed by a considerable margin to offset the steady decline in the prices of the two metals. Thus the combined value of output at $184,504,306 was $9,487,483 lower than in 1951. The price of lead decreased from 18·80 cents a pound at the commencement of the fiscal year to 13·25 at the end, and that of zinc from 19·30 to 11 cents. The decline in prices led to the closing of several marginal producers, mainly in British Columbia, principal source of Canadian lead and zinc. The situation in that province was further aggravated by a power shortage which forced the Consolidated Mining and Smelting Company of Canada Limited to curtail its treatment of custom ores.

I get this information from the small operators and I presume it is correct. They tell me that the treatment charges of Consolidated Mining and Smelting Company in 1939 were $2 a ton. In 1948 they were $11 a ton and I am advised that they are now $40 a ton. I take these figures as given to me, but I cannot vouch for their accuracy. I am told by a number of the small operators that the increase in smelting costs alone is a great hardship. I am firmly of the opinion that if the provincial government would take the lead in this matter, supported by the federal government and in co-operation with the company, a number of these so-called marginal mines which are so close to being profitable could be operating today with some consideration on the part of the company and the co-operation of the two governments. Instead they are closed down and the communities are suffering.

I admit that it would be uneconomical to operate at the present time some mines that were developed during the period of high price of lead and zinc. I admit that no adjustments could create a situation whereby they could all operate at a profit. But I know quite a number of these people who went into the hills with small amounts of capital and developed small base metal mines and I am informed by them that there are marginal mines that with very little assistance could continue to operate and make a

small profit. They tell me they could operate if their treatment costs were cut to any extent, and ore accepted.

I know the minister is concerned about this question because I have discussed it with him. I urge the minister to extend every possible co-operation to the provincial government in an effort to do something to solve the problem of boom and bust so far as the small base metal mining communities in the interior of British Columbia are concerned. To me it is not good enough to merely let the market decide these things without any attempt to solve them as between governments and the big companies concerned. We have passed that stage. We cannot continue to let communities suffer alternate periods of prosperity and slump decade after decade and take no action.

If war were declared tomorrow the whole resources of the country would be mobilized and the government could do whatever it might put its mind to. As far as this group is concerned, we are merely asking them to use the same energy and the same resources in solving one of the many problems presented to us by peace. I am confident that effective co-operation between the federal and provincial governments and the co-operation of the Consolidated Mining and Smelting Company, which I think would be forthcoming under the leadership of these governments, can do much to remedy the situation. All that is required is acceptance of responsibility by the governments and companies concerned.

Mr. Leboe: Mr. Chairman, I think my remarks might be considered as being made primarily for the purpose of seeking information. I am wondering how much research work has been done in the past with respect to the development of electrical power at coal mines throughout the country and transporting it by the use of wires to the point where energy is needed rather than moving the coal to that point.

Mr. Prudham: I really am not rising on a point of order, but I wonder whether we could save the discussion of problems related to the coal industry until the coal board estimates are before the committee.

Mr. Leboe: I think that possibly could be done. As I said, I was looking for information in that respect. There are some other aspects to the problem of hydroelectricity which have a bearing on the question I have in mind, that is a wartime emergency. The amount of money we are spending on defence would indicate we recognize the possibility of a war so I feel that possibly some thought should be given, if it has not already been given, to breaking up the sources of electric power into smaller units. It is at that point that the business of the coal mines enters the picture.

I recognize that some research has been done in that connection. The minister spoke of a turbine that is now in the process of development, but of course at this moment that is an unknown quantity. We all recognize the vulnerability of our dams and hydroelectric power plants during a war. I was considering, therefore, the possibility of dispersing these power units throughout the area, perhaps as a defence measure looking forward to the time when an emergency might arise and at the same time looking after the communities in peacetime.

Mention has been made tonight of the distress of the mines throughout the country. I should like to say that I feel very strongly that our distress in mining or any other industry, outside of acts of God such as drought and so forth, is man-made and can therefore be solved by man. If anyone were to look at the distress there is in the industry today, he would find that distress is a direct result of financial policy. I believe that when we start looking at the slumps and periods of prosperity that were mentioned, invariably we will find that the root cause is financial policy. If we are going to solve some of these problems such as distress in the mines and meet the need for further research, we shall be altogether dependent on this government's financial policy.

I do not believe we in this country can continue on the basis of subsidizing this industry and subsidizing that industry. Just before I left Prince George someone said to me, "The only industry that is not subsidized is the lumber industry and we think we ought to get subsidies there too; can you do anything about it?" I do not think that is the answer to our problem. We cannot continue to subsidize here and there out of the taxpayers' pockets in order to try to make an equal distribution of purchasing power. When we do, we have a situation that is exactly comparable to the sausage tied on the end of a stick over the dog's back. The faster the dog runs the faster the sausage goes, and he never catches up to it. He is only playing himself out. I would say, Mr. Chairman, that the alleviating of the distress in the mining industry and the welfare of the miners throughout this country depends almost entirely on this government's financial policy. I would certainly urge that the government review that policy with a view to getting purchasing power into the hands of the potential consumers, and thereby build up our industry.

As we have said before, and it is a fact, production does not release enough purchasing power to buy back that which is produced. When we are purchasing certain items that are items for destruction, the purchasing power released is available for the purchase of consumer goods and we have prosperity. Naturally, in peacetime when we are not preparing for a war, the whole system breaks down. I would urge the government to get to the bottom of the source of evil, which I believe is our financial policy.

Mr. Prudham: I would suggest that the hon. member direct those remarks to the Minister of Finance. This department could not deal with the problem as he suggests.

Mr. Leboe: I am finished with my remarks, so perhaps we could call it ten o'clock and adjourn the debate.

The Chairman: Shall the item carry?

Mr. Nicholson: I have a few remarks, Mr. Chairman, which I should like to make at a later time. Would you call it ten o'clock?

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: On Monday, Mr. Speaker, we shall take third reading of the two bills that will be available for that stage. Then, we shall move to go into supply, and when the motion is carried we shall continue with this debate, calling after that agriculture. If that is the position on Tuesday night, we shall take the Criminal Code on Wednesday. On Thursday we shall move to refer the items in the estimates relating to external affairs to the standing committee on external affairs. I presume there will be a debate on external affairs on that motion.

Mr. Knowles: With respect, I think the minister overlooked one point. Perhaps it was deliberate. He did not indicate whether any new departments would be called if we got into supply.

Mr. Harris: I was hoping, Mr. Speaker, that it would be unnecessary to make that announcement because we could call all the other departments perhaps when we passed the motion.

Mr. Knowles: Then my suspicions were well founded.

Mr. Harris: But if that is not agreeable we would call external affairs, national defence, national health and welfare, and allow them to stand.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, March 22, 1954

The house met at 2.30 p.m.

CANADIAN NATIONAL RAILWAYS

REFERENCE OF ANNUAL REPORTS AND CERTAIN ESTIMATES TO RAILWAYS AND SHIPPING COMMITTEE

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I desire to table the following reports for the year 1953, in English and in French: annual report of the Canadian National Railways; annual report of the Canadian National (West Indies) Steamships, Limited; annual report of the Canadian National Railways securities trust, and auditors' report to parliament in respect of the Canadian National Railways system and the Canadian National (West Indies) Steamships, Limited.

By leave of the house I move:

That the annual reports for the year 1953 of the Canadian National Railways, the Canadian National (West Indies) Steamships, Limited, the Canadian National Railways securities trust, and the auditors' report to parliament in respect of the Canadian National Railways and the Canadian National (West Indies) Steamships, Limited, tabled this day, be referred to the sessional committee on railways and shipping owned, operated and controlled by the government, together with the following items of estimates for 1954-55:

Vote 465—Prince Edward Island car ferry and terminals, deficit;

Vote 469—North Sydney, Nova Scotia-Port aux Basques, Newfoundland, ferry and terminals, deficit;

Vote 474—Maritime Freight Rates Act, payment of difference between tariff tolls and normal tolls to the Canadian National Railways and other railways operating in the territory designated by the act;

Vote 475—Canadian National (West Indies) Steamships, Limited, deficit.

And that the resolution passed by the house on February 5, 1954, referring certain estimates to the committee of supply, be rescinded in so far as the said resolution relates to votes Nos. 465, 469, 474 and 475.

Motion agreed to.

STANDING ORDERS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. J. H. Harrison (Meadow Lake) moved that the third report of the standing committee on standing orders, presented to the house on Friday, March 19, be now concurred in.

Motion agreed to.

QUESTIONS

CUSTOMS REGULATIONS BREACHES, SAINT JOHN

Mr. Bell:

1. Have any investigations been conducted by the government during the months of February and March of this year into breaches of the customs regulations by incoming foreign ships to the port of Saint John?

2. If so, what ship or ships and registry were involved?

3. What were the results of the above investigations?

Mr. McCann:

1. Yes, all ships arriving from foreign waters at the port of Saint John are searched and where there is any indication of breaches of the customs regulations, these breaches are fully investigated.

2. The names of innocent owners of vehicles or vessels used by their employees or others in the breach of customs regulations are not released by the department. Following the same practice, the names of ships abroad which customs infractions are committed by passengers, crew, or persons other than responsible ships' officers are not made public.

For the period February 1 to March 8 inclusive, 12 ships arriving from foreign waters had customs seizures effected aboard. These ships were of the following registry:

Registry	No. of Seizures
British	4
Canadian	4
Foreign	4

3. Seizures made in the twelve instances reported resulted in the confiscation of 4,270 cigarettes, 373 bottles of liquor, 26 bottles of wine, ¾ lb. tobacco. Two persons were prosecuted for infractions of the Customs Act; one was fined $200 and the other $50. One vessel was seized and released on deposit of $400 pending decision as to penalty to be applied, if any, to owner.

GRAIN HANDLING CAPACITY

Mr. Argue:

1. What is the grain handling capacity of (a) Pacific coast ports; (b) Port Arthur-Fort William?

2. At what percentage of capacity were grain handling facilities being operated at the above ports since August 1, 1953?

Mr. Dickey:

1. Below are listed as at March 11, 1953, licensed storage capacity, which is the declared physical space, and the "effective

capacity", which means the peak usable storage space as estimated by the Canadian wheat board on the basis of maximum stocks, taking into consideration past records, multiplicity of grades, condition of grain and vessel loadings.

	Licensed effective capacity	Estimated capacity
	millions of bushels	
(a) Pacific ports		
(i) Vancouver/New Westminster	19·5	17·5
(ii) Victoria	1·0	·9
(iii) Prince Rupert	1·2	1·1
(b) Fort William/Port Arthur	93·2	80·0

2. Grain handling as percentage of capacity since August 1, 1953 was constantly in flux. Stocks in store as percentage of "Estimated effective capacity" varied between August 1, 1953 and March 3, 1954, as follows: Vancouver/New Westminster, from 46 to 80 per cent; Victoria, from 11 to 78 per cent; Prince Rupert, from 9 to 82 per cent; Fort William/Port Arthur, from 49 to 100 per cent.

INCOME TAX OFFICES, SALARIES AND COLLECTIONS

Mr. Hansell:

1. How many income tax offices are there in Canada?
2. How many are there in the four western provinces, and where is each located?
3. What was the total of income tax office salaries in Canada in 1952?
4. What was the total income tax collected in Canada in 1952?

Mr. McCann:

1. The Department of National Revenue, taxation division, has 27 district taxation offices in addition to head office.

2. There are seven district taxation offices located in the four western provinces, as follows: Winnipeg, Manitoba; Regina and Saskatoon, Saskatchewan; Calgary and Edmonton, Alberta; Vancouver and Victoria, British Columbia.

3 and 4. Fiscal year ended 31st March, 1953: Total salaries $18,859,816.57; total collections—income tax and succession duties $2,593,960,618.25.

PENSION COMMISSION—MEDICAL PERSONNEL

Mr. Dinsdale:

1. Who are the full time medical personnel of the pension commission?
2. Where are they located?
3. What is their salary?
4. Are any of these full time medical personnel permitted to engage in occupations supplementary to their duties on the pension commission?

[Mr. Dickey.]

Mr. Bennett:

1. J. F. Bates, M.D., C.M.; J. P. Laplante, O.B.E., E.D., M.D., C.M.; W. L. Coke, O.B.E., C.D., M.D.; L. W. Brown, M.D., C.M.

2. Ottawa.

3. $9,000 per annum.

4. Section 3(12) of the Pension Act, chapter 207, R.S., 1952, reads as follows: "Each commissioner shall devote the whole of his time to the performance of his duties under this act, and shall not accept or hold any office or employment that the governor in council may declare to be inconsistent with the performance of his duties under this act."

MIDDLE CARAQUET, N.B.—OWNERSHIP OF LAND

Mr. Robichaud:

1. Does the dominion government own a certain piece, parcel or tract of land at the approach of the public wharf at Middle Caraquet, Gloucester county, New Brunswick?
2. If so, when was this lot of land purchased and at what price?
3. What is the total area of this parcel or tract of land?

Mr. Bourget:

1. Yes.

2 and 3. Two parcels of land were purchased on August 16, 1929, one parcel containing 0·2 acre for $100, and the other parcel containing 0·1 acre for $30.

WOOL—SUBSIDY PAID PRODUCERS

Mr. Hansell:

1. Is there a subsidy paid to the producers of wool at the present time?
2. If so, how is this subsidy paid?

Mr. McCubbin:

1. No.

2. Answered by No. 1.

NATO—REPORT FOR FIRST FIVE YEARS

Mr. Stewart (Winnipeg North):

1. Has the Canadian government been asked to publish the report of the work of NATO in its first five years?
2. If so, will the Canadian government publish this report?

Mr. Claxton:

1. No.

2. The secretary general's report on "Five Years of NATO" is still in the course of preparation. When complete, it will be printed by NATO and copies sent to the Department of External Affairs for distribution in Canada. Accordingly, it will not be necessary for the department to print copies of this document.

Questions

GRAIN SHIPMENT COSTS

Mr. Argue:

1. What is the amount of each of the various freight and other costs, both rail and water, going into the shipment of wheat via (a) Port Arthur; (b) Fort William; (c) Churchill, that were taken into consideration in the change in the price of wheat at Port Arthur-Fort William and Churchill, as compared to the Pacific coast ports?

2. What are the corresponding costs for (a) oats; (b) barley?

3. What is the present difference in selling price for (a) No. 1 feed oats; (b) No. 1 feed barley, at Port Arthur-Fort William, Churchill and Pacific coast ports?

Mr. Dickey:

1. The following costs of moving wheat via different outlets were taken into consideration prior to the board announcing price changes for wheat in store Fort William/Port Arthur as compared to prices in store Pacific coast ports:

(a) Cost of moving wheat from in store Fort William/Port Arthur to f.o.b. St. Lawrence ports:

(i) Via all water, 20·279 cents per bushel;

(ii) Via lake and rail, 22·198 cents per bushel.

(b) Cost of fobbing wheat at Pacific coast ports, 2·625 cents per bushel;

(c) Cost of fobbing wheat at Port Churchill, 2·920 cents per bushel.

2. (a) The board does not move oats and barley from Fort William/Port Arthur to St. Lawrence ports. This movement is handled by the trade from whom the following estimates have been obtained:

Oats

(i) Via all water, 15·486 cents per bushel;

(ii) Via lake and rail, 15·986 cents per bushel.

Barley

(i) Via all water, 18·853 cents per bushel;

(ii) Via lake and rail, 20·523 cents per bushel.

(b) Cost of fobbing oats at Pacific coast pts., 2·541 cents per bushel;

Cost of fobbing barley, Pacific coast pts., 2·587 cents per bushel.

(c) Cost of fobbing oats at Port Churchill, 2·751 cents per bushel;

Cost of fobbing barley at Port Churchill, 2·809 cents per bushel.

3. The present difference in the Canadian wheat board's asking price for No. 1 feed oats and No. 1 feed barley between Pacific coast ports and Fort William/Port Arthur is as follows: Oats, no difference; barley, 10 cents per bushel higher at Vancouver.

The Canadian wheat board does not have any oats or barley at Port Churchill.

COMBINES INVESTIGATION ACT—
MAGAZINES

Mr. Fulton:

1. Has the attention of the government been directed to the evidence given in the recent contempt case in Cornwall, Ontario, to the effect that a magazine distributor was required by the terms of his contract to take all magazines supplied by a certain company and in turn offer them all to vendors for sale, on penalty of forfeiting his contract of distributorship?

2. Has the government referred this matter to the unfair trade practices commission for investigation under the Combines Investigation Act?

3. If so, with what result to date?

Mr. Garson:

1. The attention of the government has not been drawn to the evidence in question, but the director under the Combines Investigation Act noted it at the time.

2. The government has not referred the matter to the director or the restrictive trade practices commission, which it is presumed is the body referred to in the question as the "unfair trade practices commission".

3. See above. It will be remembered that the anti-combines legislation relates, generally speaking, to combines and monopolies in restraint of trade; to resale price maintenance; and to price discrimination. The director has in the past, as commissioner, given some attention to the magazine field and some years ago made preliminary inquiries into a similar complaint originating in a western city. He found that although the practice existed of requiring dealers to accept a complete "package" of magazines, they were entitled to return those that were unsold; and that opinion among dealers varied between those who favoured the system because it relieved them of the necessity of placing individual orders and those who objected to it because it required them to receive in the first instance and then take the trouble of returning unwanted lines. The commissioner came to the conclusion that, whatever the merits or demerits of the system, its nature was not such as to warrant formal investigation under the Combines Investigation Act and the matter is dealt with at some length in the commissioner's annual reports for 1951 and 1952 at pages 24 and 26, respectively. The director informs me that the newspaper report of Mr. Bryan's evidence indicated that the conditions he referred to arose out of a contract into which he had himself entered with the magazine distributor and that the incident did not, in the judgment of the director, in itself raise a case for investigation under the act.

Questions

GREATER VANCOUVER—NORTH SHORE BASIN

Mr. Green:

1. Has the government purchased property in greater Vancouver known as the north shore basin?
2. If so, what was the extent thereof, when and from whom was it purchased and at what price?
3. What use is to be made of this property?
4. How much has been expended in the development thereof to date?
5. Has a manager of north shore basin been appointed and if so, who is this person and what is his salary?

Mr. Bourget:

1. Yes.

2. On September 5, 1953, 4.44 acres of land was purchased from the North Shore Marine Basin Ltd., for $46,063.

3. It is to be used as a fishing harbour.

4. $27,822.85.

5. No.

RESEARCH—BORACIC ACID IN TREATMENT OF INFANTS

Mr. Knowles:

1. Has the attention of the government been drawn to reports concerning possible ill effects from the use of boric acid (or boracic acid) in the treatment of infants?
2. Has any research into this matter been conducted under the auspices of the Department of National Health and Welfare?
3. If so, what are the results of such research?
4. If not, will such research be undertaken?
5. Has the Department of National Health and Welfare taken any other steps in connection with this matter?

Mr. Roberison:

1. Yes.

2. Yes, an investigation of powders sold in Canada and recommended for use on infants was carried out. The literature on the subject was also studied.

3 and 4. Of the six baby powders investigated, three did not contain boric acid. The other three contained approximately 5 per cent of boric acid and its presence was indicated on these labels. Reports showed that unfavourable reactions in children resulted when pure boric acid or highly concentrated boric acid preparations, those containing 25 per cent or more of boric acid, were used repeatedly over large areas of abraded or damaged skin.

5. Yes, pediatricians are being consulted on this matter.

COLOMBO PLAN—REQUESTS FOR ASSISTANCE

Mr. Stewart (Winnipeg North):

1. What is the total amount required to cover the requests for assistance from countries being helped under the Colombo plan for this year?
2. What is the total amount of money available to meet these requests and what are the amounts of money being subscribed by each country?

[Mr. Garson.]

Mr. Claxton:

1. It is not possible to answer this question because under the Colombo plan requests for assistance are directed to individual governments and aid is worked out bilaterally on a continuing basis.

2. It is not possible to say at any one time or for any annual period how much money is available to meet requests for assistance under the Colombo plan. The latest information on the amounts pledged by the various participating countries is contained in chapter XI of the Colombo plan progress report prepared by the consultative committee at its meeting in New Delhi in October, 1953. Copies of this report have been tabled.

TRADE—AGREEMENTS BETWEEN CANADA AND THE UNITED STATES

Mr. Leboe:

1. Have any trade agreements between United States and Canada been signed outside continental United States and Canada?
2. If so, what was the purpose or reason for doing so?
3. What would be the ratio to those signed on the continent?

Mr. Claxton:

1. The only bilateral trade agreement between Canada and the United States, signed outside continental North America, was one supplementary to the general agreement on tariffs and trade signed at Geneva on October 30, 1947. The general agreement on tariffs and trade, which is a multilateral trade agreement to which both Canada and the United States have adhered, is in force between Canada and the United States.

2. Since this bilateral agreement was part of the multilateral arrangements under GATT it was signed at the same time in Geneva.

3. There have been three other trade agreements with United States, from time to time in force. These agreements, dated 1935, 1938 and 1939, were all signed on this continent.

QUESTIONS PASSED AS ORDERS FOR RETURNS

WHEAT AND MEAT PRODUCTS

Mr. McCullough (Moose Mountain):

1. What subsidies have been paid to millers on wheat milled in Canada each year since 1939?
2. How much did this subsidy amount to per bushel?
3. How much did the farmers receive per bushel on wheat consumed in Canada during the period since 1939?
4. How much wheat has Britain bought from Canada each year since 1939?
5. How much beef and other meat products has Britain bought from Canada each year since 1939?

Mr. Dickey: Return tabled.

TERMINAL ELEVATOR WEIGH-OVERS

Mr. Argue:

1. At what terminal elevators have weigh-overs been made during the past 12 months?
2. On what date were such weigh-overs made and what was the date of the previous weigh-over in each case?
3. What overages or shortages were shown for wheat, barley, oats, rye and flax as a result of the weigh-over at each terminal?
4. What disposal was made of the overages in each case?
5. At what terminals has no weigh-over taken place during the past 12 months?

Mr. Dickey: Return tabled.

CARROLL COAL COMMISSION

Mr. Hansell:

1. What was the total cost of the Carroll coal commission of 1946?
2. What recommendations contained in the commission's report have been put into effect, and to what extent?

GENERAL STORES—OPERATION BY FEDERAL GOVERNMENT

Mr. Cardiff:

1. Does the government operate any general stores in Canada?
2. If so, where are they located?
3. Do these stores sell at cost to customers?
4. If not, what is the rate of mark-up?
5. Do these stores extend credit or do a cash business?
6. If the government does not operate any general stores, are there any such stores located on government property?
7. If so, where are they located and under what arrangements do they operate?
8. Has the government received any complaints from businessmen or dealers in the localities where these stores operate?

MOTIONS FOR PAPERS

SUPERANNUATED FEDERAL CIVIL SERVANTS

Mr. Knowles:

For a copy of all letters, communications, briefs or memoranda received by the Minister of Finance, or received by any other minister and referred to the Minister of Finance, dated at any time since January 1, 1952, from associations or organizations representing superannuated federal civil servants, or from any officers thereof, together with a copy of the replies of the Minister of Finance thereto.

Mr. Benidickson: Return tabled herewith to this motion.

JEHOVAH'S WITNESSES—CORRESPONDENCE

Mr. Gagnon:

For a copy of all correspondence exchanged since January 1, 1948, between the international bible students, the watchtower and tract society, the Jehovah's witnesses and the national defence, justice and post office departments and the Canadian Broadcasting Corporation.

Mr. Pickersgill: I wonder whether the hon. member would consent to allowing this motion to stand today?

Mr. Gagnon: Agreed.

CUSTOMS ACT, SECTION 35—INTERPRETATION

Mr. Knowles:

For a copy of a typical letter (or typical letters, if there are any significant variations in different letters written on the subject), dated since December 8, 1953, written by the Department of National Revenue, or any official, or division, or branch thereof, to any prospective importer, without necessarily giving the name of such prospective importer, with reference to the interpretation, implementation or enforcement of section 35 of the Customs Act, as amended by Bill 29 of this session.

LAST MOUNTAIN LAKE INDIAN RESERVE NO. 80A

Mr. Castleden:

For a copy of all correspondence, agreements, and other documents, since January 1, 1917, in connection with the surrender and subsequent disposal of the Last Mountain lake Indian reserve No. 80A.

Mr. Harris: I have spoken to the hon. member for Yorkton, Mr. Speaker, and I understand that what he would like to have on this motion is the original surrender, plus any correspondence there may be about it, as well as the list of those who have subsequently purchased some of the lands, the amount paid and the distribution of the moneys collected.

Mr. Castleden: That was the understanding.

Mr. Speaker: Am I to understand that the motion stands?

Mr. Harris: No, carried.

Mr. Speaker: Carried, subject to the statement made by the minister.

Motion agreed to.

MUNICIPAL GRANTS ACT

AMENDMENTS TO PROVIDE FOR CHANGES IN ADMINISTRATION

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

That it is expedient to bring in a measure to extend the benefits of the Municipal Grants Act and to provide for certain changes in connection with the administration of the act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

Inquiries of the Ministry

CROWN CORPORATIONS

AMENDMENTS TO CERTAIN ACTS TO PRESCRIBE PENSION PROVISIONS

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

That it is expedient to bring in a measure to amend certain acts relating to several crown corporations in order to prescribe the pension provisions and the manner in which such pension provisions are to apply to persons transferring from the public service to the corporations concerned.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the house.

Motion agreed to.

EXTERNAL AFFAIRS

RECOGNITION OF RED CHINA—GOVERNMENT POLICY

On the orders of the day:

Hon. George A. Drew (Leader of the Opposition): I had intended to address my question to the Secretary of State for External Affairs, but in his absence I should like to direct the question to the Prime Minister. Will the Prime Minister make any comment to the house about the report appearing in today's press, and given wide circulation that the government, in addition to considering the recognition of communist China, is also considering supporting the application of the Mao Tse-tung regime for entry into the United Nations?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think there is any justification whatsoever for the suggestion implied in the hon. member's question. I know of no consideration being given to either of these questions at this time.

GOLD

TRADING ON LONDON MARKET—INQUIRY AS TO GOVERNMENT ACTION

On the orders of the day:

Mr. Rodney Adamson (York West): May I direct a question to the Minister of Finance? In view of the resumption of trading in gold on the London market this morning, will the Canadian government initiate a similar market or, better still, a completely free market in Canada? If not, is the reason based on government policy or is the move proscribed by international agreement? Will Canadians holding sterling be allowed to buy gold on this market, and if so, will such gold be deemed to be "freely exportable gold" under the terms of the Bank of Canada Act, which is currently being amended?

Hon. Douglas Abbott (Minister of Finance): I am obliged to my hon. friend for giving me notice of this question. I received it a short time before I came into the house. I shall try to give him an answer tomorrow.

DISABLED PERSONS

INQUIRY AS TO REPORT IN WINNIPEG "FREE PRESS"

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, has the attention of the Minister of National Health and Welfare been drawn to a report in the Winnipeg *Free Press* of Friday which suggests that the new pension for disabled persons will not come into effect until January 1, 1955? Is it not possible to bring in this legislation at an early date, so that it might come into effect as soon as possible?

Hon. Paul Martin (Minister of National Health and Welfare): I am glad, Mr. Speaker, that at long last the hon. member has evidenced some interest in this problem.

Mr. Coldwell: That is grossly unfair.

Mr. Martin: This is the first time he has shown—

Mr. Knowles: That is not correct. Let the minister answer the question.

Mr. Martin: I am dealing with his leader's interjection, and I think my statement will be found to be accurate. The hon. gentleman knows the government will not delay in introducing this measure as quickly as possible. We have to deal with all the provinces and the matter largely depends on them. The hon. gentleman may be assured that we will proceed with the matter with characteristic haste.

Mr. Knowles: May I ask a supplementary question? How does the minister justify his statement that there will be no delay in view of the fact the proposed legislation was first announced to the house last November 12 and this is now March 22? Is that the characteristic speed of the Liberal party?

DOMINION-PROVINCIAL CONFERENCE

SUGGESTED REAPPOINTMENT OF ECONOMIC COMMITTEE ESTABLISHED IN 1945-46

On the orders of the day:

Mr. E. D. Fulton (Kamloops): May I direct a question to the Prime Minister or possibly the Minister of Finance? Has the government made any decision as a result of the suggestion put forward recently by the premier of Ontario, that the dominion-provincial economic committee established by the 1945-46 conference should be reappointed?

Hon. Douglas Abbott (Minister of Finance): Speaking for myself, I have not been able as yet to give any consideration to that suggestion.

GRAIN

REPORTED LACK OF SPACE IN MONTREAL ELEVATORS

On the orders of the day:

Mr. W. M. Johnson (Kindersley): Has the attention of the Minister of Trade and Commerce been drawn to this morning's Canadian Press dispatch stating that the grain movement will remain almost at a standstill because there will be no space in Montreal elevators? What steps will be taken to improve this situation?

Right Hon. C. D. Howe (Minister of Trade and Commerce): The situation in the grain elevators at Montreal is normal. At the close of the shipping season all the elevator space is filled. It is not customary to draw grain from these elevators during the winter period. The economics of the situation require that grain moving to Halifax be moved from the Georgian bay area rather than from Montreal. There is the usual accumulation of orders for export grain which will be filled at the opening of navigation. I suggest there is no cause for undue apprehension about any situation in that area.

DUMPING

FRUITS AND VEGETABLES—PROTECTION OF MARKET

On the orders of the day:

Hon. J. J. McCann (Minister of National Revenue): In replying, Mr. Speaker, to questions asked by the hon. members for Dufferin-Simcoe, York West and Kent (Ont.) on March 18, I referred to a seasonal tariff which is applied when our own produce comes on the market. This tariff takes the form of specific rates of duty to replace the ad valorem rate ordinarily applicable on fresh fruits and vegetables.

Under the provisions of section 13 of the Customs Tariff, the Minister of National Revenue is authorized to order the application of these specific rates on importations from countries other than those entitled to the benefits of the British preferential tariff and for periods not to exceed those specified in the tariff items covering the products involved.

In ordering the application of these specific rates of duty, I am guided by recommendations made by the growers, through their organizations, and approval of such recommendations by officials of the Department of Agriculture who, through their inspectors in the field, have access to information regarding crop conditions and the availability to the trade of the Canadian grown product.

In the case of celery and onions, n.o.p., the specific rate of duty provided for in the tariff is one cent per pound and the maximum periods during which this rate may be applied in any fiscal year are 24 weeks and 40 weeks, respectively. During the remainder of the year the rate of duty on both of these products is ten per cent ad valorem.

During the present fiscal year, the specific rate was applied on celery imported into Ontario and Quebec for two periods totalling the full 24 weeks, that is to say June 5 to July 16, and September 24 to January 27, inclusive. The specific rate was applied on onions imported into these provinces on June 23 and will be cancelled effective the 30th of this month, when the 40 weeks' period will expire.

There is no information before us which would indicate the dumping of United States celery or onions on the Canadian market. However, if such were the case, the ordinary provisions of the dumping clause of the tariff would apply.

PIPE LINES

WESTCOAST TRANSMISSION COMPANY—DECISION BY FEDERAL POWER COMMISSION

On the orders of the day:

Mr. B. R. Leboe (Cariboo): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce (Mr. Howe). Has the government information relative to the date that a decision may be reached by the federal power commission of the United States on the application of the Westcoast Transmission Company to bring gas from northern

British Columbia to the inland empire of the United States? If so, when is a decision expected?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I understand the hon. member sent me notice of that question some time ago. When I inquired—Friday of last week—no decision had been handed down, and there was no information as to when it was likely to be handed down.

EXPORT AND IMPORT PERMITS ACT

EXTENSION OF CONTROL OF STRATEGIC MATERIALS

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the third reading of Bill No. 374, respecting export and import of strategic and other goods.

Motion agreed to, bill read the third time and passed.

CONSOLIDATED REVENUE FUND

ESTABLISHMENT OF ACCOUNT FOR REPLACEMENT OF GOVERNMENT PROPERTY

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 377, to establish an account for the replacement of government property lost, destroyed or damaged through fire.

Motion agreed to, bill read the third time and passed.

SUPPLY

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of supply.

EMERGENCY POWERS ACT

Hon. George A. Drew (Leader of the Opposition): Mr. Speaker, on different occasions during the present session questions have been asked of the government as to whether it was intended to continue the legislation now standing on the statute books under the name of the Emergency Powers Act. No answer has yet been given as to the intention of the government. Therefore it is appropriate, until we have information to the contrary, to assume that the government is contemplating the revival of legislation which has been discussed on a number of other occasions in the house. I submit it will be both helpful and appropriate if we consider the subject at this time, because if hon. members are prepared to indicate their opinion, that we should get back to government of the people, for the people, through their elected representatives in parliament, then subsequent time may be saved through the action of the government in acting in accordance with that expressed opinion.

[Mr. Leboe.]

There are added reasons why the attention of the house should be drawn to the need for considering the grounds upon which sweeping powers of this kind have been taken by the government, with the support of a majority in parliament, and it is appropriate that everyone consider the tendencies indicated by some statements made within the last few weeks.

I know there are many hon. members who do not show any great interest when we discuss this subject, one which may be regarded as academic, but which in fact is anything but academic in its effect upon our parliamentary system and upon the future of government in Canada. There are those of us who believe that the supremacy of parliament and the rule of law mean more to us at this time than perhaps ever before in our history, since these principles were firmly established some three hundred years ago. We believe they are of vital and fundamental importance, because the supremacy of parliament and the rule of law more than anything else distinguish our parliamentary system from that authoritarian system against which the free peoples of the world are joining their strength at this time.

There is one principle of supreme importance if we are going to have government of the people, for the people, through their elected representatives in parliament; and that is the right of members and of the public to know the essential facts upon which decisions affecting the general welfare of our people or the economy of our country are made.

There is another principle of supreme importance which is at the root of the rule of law. That is the right of all people affected by any law to know in advance what the law is. We cannot expect everyone will know what every law is, in this period when there are so many laws. The principle however is at the very root of our freedom—the principle that the people shall have the right to know the law and, in turn, shall have the right to have an impartial and open trial, if it is alleged that they have broken any law. I know full well, without being reminded by any hon. member opposite, that this subject has been discussed in other sessions; it has not previously been discussed in this parliament. That is the reason I am bringing it forward today, so that not only in relation to the Emergency Powers Act, but in relation to other emergency measures, an opportunity may be afforded to hon. members to indicate their opinion in regard to the authority of parliament and the rule of law.

If I repeat today things that have been said before, I do so only because it is

necessary to repeat them through the failure of the government to act upon the arguments that have been presented to this house on earlier occasions. Added reason was given recently for considering very carefully what the attitude of the government is in regard to the rights of parliament and the people in connection with facts upon which public issues may be decided. I refer to a speech of the Secretary of State (Mr. Pickersgill) made on February 22 of this year. I intend to quote from that speech in view of the position under our constitution occupied by the Secretary of State. In quoting I am not relying merely upon newspaper reports but upon the text of the speech issued from his own office. Some of these statements bear careful examination in so far as they indicate the growing belief of this government that it governs by its own authority, very largely, subject only to the subsequent approval of its actions by a majority of the members of this house. I now quote from the text of the speech by the Secretary of State:

> It has frequently been stated that all documents in the possession of government departments deal with the public business, and that the public is entitled to know how its own business is conducted.
>
> This is a very plausible doctrine, and one that is, superficially, quite attractive to most Canadians who believe in the democratic principle of government by the people. What is more natural than to say that if the people really control the government, the people are entitled to know about everything that goes on.

The Secretary of State regards this as a plausible doctrine and one with a natural appeal; but then he goes on to dispose of any thought that the government accepts that plausible doctrine, and he deals further with a motion before parliament in regard to papers and documents in the possession of the government, and he has this to say:

> . . . this notion that parliament and the public are entitled to see every document in the possession of a government department is wrong, that it is contrary to the constitution; indeed it is subversive in the proper meaning of that word, by which I mean if it were accepted and applied it would upset the whole British concept of responsible parliamentary government.

Now, Mr. Speaker, we see the Secretary of State, the custodian of government documents, telling us that this plausible doctrine is not only not acceptable, but subversive. Those who might conceivably think that it was subversive of the parliamentary system to withhold facts are told on the contrary that it would be subversive if the principle were accepted that essential facts must be available.

Mr. Pickersgill: On a question of privilege, if the hon. gentleman would not mind, would he use the word I used? I used the word "documents" not "facts".

Mr. Drew: This statement says quite clearly that it would be subversive if the essential facts were presented to the house which are contained in documents in the possession of the government and for which the Secretary of State is peculiarly responsible, in view of the statutory position he holds.

Mr. Pickersgill: Will the hon. gentleman read the phrase where it says "essential facts".

Mr. Drew: I read it; it is correct. What I have read is the correct statement from the speech.

Mr. Pickersgill: Read it, sir.

Mr. Drew: I have read it, Mr. Speaker. *Hansard* reports excellently and I am sure they have it correct. I shall go on with another quotation:

> I suppose there is always some tendency for parliamentary oppositions to try to give the impression that under our system parliament is the government.

That is the end of the quotation, in case the Secretary of State gets in any way disturbed by any subsequent statement. Apparently in the mind of the Secretary of State, Mr. Speaker, there is the really very subversive thought that some of us might believe that government of the people for the people through their elected representatives should be a reality. Not at all; the government must be the sole authority, the sole custodian and the sole deciding body in this case, subject of course to the subsequent approval or otherwise, and, Mr. Speaker, there is a surprising consistency in the measure of approval given by the acknowledged majority of the supporters of this government.

Then I go on with a further quotation from the statement of the Secretary of State:

> Parliament is not the government and the government is not even a committee of the whole of parliament, though there is a certain sense in which the government can be regarded as a committee of its own supporters in parliament.
>
> But I think it is much better to use the old-fashioned description of the relationship between government and parliament which was invented right here in Canada, and that is that the government is responsible to parliament.

Yes, in our belief the government is responsible to parliament, and we believe that parliament has the right to examine the manner in which the government is acting upon the basis of facts available to parliament, available to the elected representatives of the people who sit here in the House of Commons.

I quote again from this very interesting speech:

> And once that decision is made, it is the duty of those who were entrusted by the voters with the

responsibility for government to carry on the government; and they should not share that responsibility with those who were not entrusted by the electors with the responsibility.

That is the end of the quotation, but it should have been the end of the speech. It should have been the end of any idea of this kind:

. . . they should not share that responsibility with those who were not entrusted by the electors with the responsibility.

There is a clear declaration of belief in the one party state.

Some hon. Members: No.

Mr. Drew: There is a clear declaration of belief in the idea that this is not a chamber where responsibility is jointly accepted throughout the whole house. Oh, I see some hon. members grimacing and shrugging their shoulders in surprise that this proposition should even be put forward.

This proposition is at the very root of our system. The government has the responsibility for initiating and presenting legislation to this house; and everyone in this house, under the basic principles of our parliamentary system, shares responsibility for what follows. May I add, Mr. Speaker, that those supporting the government are intended to inform themselves so that they may share that responsibility with some knowledge of the facts, as members of the opposition—or certainly some of them—seek to inform themselves.

Mr. Habel: Why do you not inform yourself first?

Mr. Drew: Mr. Speaker, I do not intend to pay any attention to all the remarks I hear, but I intend to pay attention to the remark I just heard because it is illustrative of the attitude of those on the other side of the house. "Why do you not inform yourself first?" was the question that was just shouted to me from a point in the house where apparently the loud speakers do not work so well.

Mr. Habel: I rise on a question of privilege, Mr. Speaker. I think I should tell the house that I was misinformed many times by the Leader of the Opposition while I was in the house in Ontario and I would not follow him for all the money in the world.

Mr. Speaker: I think that hon. members should not rise on questions of privilege which, of course, are not questions of privilege. The Leader of the Opposition (Mr. Drew) now has the floor and should be allowed to make his remarks without interruption. If he is misquoting anyone or if he is making statements which, in the opinion of certain members, are not in accordance with the facts, and if they are directly concerned with them, when the Leader of the Opposition is through they can rise and make the necessary corrections. But they should not do so in such a way as to interrupt the hon. member who has the floor.

Mr. Drew: Mr. Speaker, I have no intention of asking, as I am sure I have the right to do, for the withdrawal of the remarks that were just made. I am placing before the house an argument and the interjection which was just made is one that should be withdrawn if that request were made. But after all, I shall not make the request for withdrawal unless I think that the hon. member who has made the interjection is of sufficient importance in this house for me to make such a request.

Mr. Habel: Big man.

Mr. Drew: Mr. Speaker, I quite agree that this is not the first time I have heard the hon. member, and I know exactly the value to attach to his remarks now or on any other occasion.

Mr. Speaker, I referred to the statement made by the hon. member because it so aptly illustrated exactly the point I am seeking to make. He said "Why do you not inform yourself?". Mr. Speaker, that is what the opposition has been trying to do in many ways. I am pointing out that, in a speech made outside of the House of Commons but nevertheless one which expresses his opinion, the Secretary of State (Mr. Pickersgill) has clearly put before the people of this country his attitude toward parliament and the amount of information that should be available to members of parliament.

Mr. Speaker, this subject is one which does not arise here in Canada alone, and it is one for which this government alone need not accept responsibility. There has been a general tendency to move away from long-established principles of the supremacy of parliament and the rule of law, as a result of the effect of two world wars upon the administration of governments and parliaments similar to our own. This problem has been discussed in other parliaments similar to ours. This subject has been examined by great jurists as well as by members of this and other parliaments, and it has been examined by those with long experience in constitutional law. Mr. Speaker, the time has come—indeed it is long overdue—for the members of this house to assert a basic proposition which will change the trend and will start the members of parliament here

in Canada seeking some way, consistent with our increasingly complex society and economic system, that will nevertheless make it possible for parliament to have the essential facts in a way which will permit informed judgment by the members of parliament as well as by the people themselves with regard to subjects that are of public concern.

For that reason I hope that hon. members will not take to themselves the remarks that are made. In referring to any remarks that have already been made this afternoon, may I suggest to other members that they realize that this is a subject which is attracting great attention in every parliament within the commonwealth and that those in parliament and outside of it who have been studying this subject are seeking ways and means by which our complex economy and society may be efficiently informed while at the same time preserving those fundamental democratic principles of the supremacy of parliament and the rule of law.

Yes, Mr. Speaker, this subject has been discussed before. It was discussed in this house by the former minister of justice and I should like to read words spoken by him in this house on November 12, 1945, because they indicate a steady trend by this same government. They indicate that this is no suddenly developed attitude which we find expressed in the words of the Secretary of State. These are the words of the then minister of justice, the Right Hon. J. L. Ilsley, as reported at page 2020 of *Hansard* of November 12, 1945:

> I should like to quote what the leader of the opposition said in this house on October 31, 1945, at page 1681 of *Hansard:*
>
> ". . . this House of Commons has the full and inalienable right to a disclosure of all actions of the executive. It has the right and the duty to review and pass upon all such actions. Except in some minor matters where the king's prerogative has not been abridged, the executive or cabinet acts properly only under authority delegated by this parliament. Thus, in order that we may be aware of the actions of the executive, I have placed this motion on the order paper."
>
> Later in the same statement the hon. gentleman said this:
>
> "I am determined to ensure, in so far as lies within my power, that Canada is governed by this House of Commons . . ."

Then the minister of justice had this to say about the words of the leader of the opposition at that time, to which he had referred and which he had quoted:

> That statement is not historically or constitutionally correct. The house has not an inalienable right to the disclosure of all actions of the executive. Ministers may refuse to disclose matters if refusal to disclose is in the public interest and is so stated by the ministers.
>
> Authority has been cited in support of that proposition. The house must accept the decision of a minister or withdraw confidence from the government, which it can do at any time. The authority of the government is not delegated by the House of Commons; the authority of the government is received from the crown. The membership of the government is not limited to members of the house. The true relationship of the House of Commons and the cabinet is a relationship of confidence. The essence of confidence is trust, not minute and detailed supervision of every act and every motive. Government cannot be carried on efficiently if every detail is subject to constant scrutiny.

There, Mr. Speaker, was a statement by the minister of justice at that time which did cause considerable surprise, as will be remembered by those who were interested in public affairs at that time, and who remember the comments which were made in the press and elsewhere about this. It is not easy to understand now how that statement was made without more serious challenge than was offered at that time. I want to read these words because I want to be sure they are correctly on record. I quote:

> . . . the first step towards permanent recovery or reform in Canada must be the decisive repudiation by the Canadian electorate of the tendencies towards dictatorship manifested during the last five years, and an equally decisive repudiation of measures, by whatever party they may be advocated, which tend in the direction of Hitlerism, fascism or communism.

These words, Mr. Speaker, are clear. These words set forth in very definite and emphatic terms the attitude of those who do not believe that it is enough for the government to decide, and then at some subsequent time come back to the House of Commons and say, "Will you trust me? We have done this. The action has been taken and will you now vote in favour of what has been done?" These words, as I know members of the government are perfectly well aware, are the words of the man with whom the Secretary of State was so closely associated. I cannot help wondering at what point his thinking departed from the attitude of the man who spoke these words, because these strong words were the words of the late Right Hon. William Lyon Mackenzie King dealing with the suggestion that the government had the right to withhold from parliament the facts upon which decisions should be made to resort to emergency measures. I would also like to quote something else said by the then prime minister at that time.

Mr. Pickersgill: Mr. Speaker, I wonder if the hon. gentleman would permit a question? Would he give the date, place and circumstance in which these words were uttered, because their relevance to the situation is rather important?

Mr. Drew: Yes, of course. The relevance was very important. Mr. King, at that time, was leader of the opposition and he was expressing his views in regard to legislation

which was only a pale shadow of the kind of legislation that this government has put on the statute books.

Mr. Pickersgill: That was in what year?

Mr. Drew: 1935.

Mr. Pickersgill: In relation to what, sir?

Mr. Drew: In relation to parliament and the rights of parliament.

Mr. Pickersgill: But in relation to what particular measure?

Mr. Drew: Mr. Speaker, I shall give the references. I am placing various statements on record. The statement I have just referred to was a statement by a man who was later prime minister of Canada, the Right Hon. William Lyon Mackenzie King, who, during a period of opposition, supported certain principles in regard to the rights of parliament and supported them in words which will bear rereading by members of the Liberal party in this house today.

Mr. St. Laurent: Perhaps the hon. member, in order to make the rereading easier, would not mind giving the references. I suppose these remarks can be found in *Hansard*. Perhaps the hon. member would give the exact reference.

Mr. Drew: Certainly. But I am going to carry that statement further:

. . . there has been a further tendency of the gradual shifting over to irresponsible commissions, boards and delegates . . . of a great deal of the business that should be carried on by the government itself . . . The country is being committed, directly and indirectly, to policies of which it has no knowledge, by persons who in no way owe responsibility to the people through their representatives in this house.

That last statement will be found in *Hansard* of March 1, 1920. The other one may be found in *Hansard* of 1935. I will give the Prime Minister (Mr. St. Laurent) the page number when I sit down.

Then on another occasion, to show the consistency of the views of the man who has put forward such a definite statement on this subject in years gone by, I would like to quote from another of the speeches by the Right Hon. William Lyon Mackenzie King:

The business of the country should be carried on in the open on the floor of this parliament in such a manner that the government will be obliged to take into their confidence not only members of parliament but the people of the country whose money they are voting to expend.

That statement may be found at page 4540 of *Hansard* dated June 30, 1920.

This is another quotation I would like to place on record:

It is impossible to imagine that the people of Canada will consent to pay the enormous sums which they are being called upon to provide by way of taxation, . . . or that they will sit silent under the government's refusal to give them any information as to how their money has been spent.

That statement will be found at pages 1292-93 of *Hansard* dated March 29, 1921.

And then, to bring us up to later years, I would also like to quote from another speech by the Right Hon. William Lyon Mackenzie King which will be found in *Hansard* of January 29, 1934:

The government has proceeded, in practically everything it has done, as if it were an executive wholly independent of the House of Commons rather than an executive which derives its powers from and is responsible to the House of Commons.

Compare that statement, Mr. Speaker, with the statement made by Mr. J. L. Ilsley. Here is a proposition that is consistent with the long tradition of parliament, stated by a man who has generally been accorded respect for his knowledge of parliament by members of the Liberal party. I would like to repeat these words because they are words which emphasize how far this government has departed from the proposition it has put forward itself on many occasions. I repeat these words:

The government has proceeded, in practically everything it has done, as if it were an executive wholly independent of the House of Commons rather than an executive which derives its powers from and is responsible to the House of Commons.

Then, on January 21, 1935, the Right Hon. William Lyon Mackenzie King had this to say, as found at page 32 of *Hansard:*

The whole spirit of the British system of government is that government is carried on, not by arbitrary powers secured by a mechanical majority, but by the consent of the governed as known . . .

You will notice in that quotation that the Right Hon. William Lyon Mackenzie King used a term which perhaps overcame some of the objection that has been registered with relation to other words used to describe a majority which votes with fascinating regularity in one particular way. He spoke of a mechanical majority. There is no record of objection having been taken to that word at that time by anyone in the house. I should like to quote further words of the Right Hon. William Lyon Mackenzie King from the same speech. He said:

I have said that one of the supreme efforts of this administration—

That of course was not a Liberal administration because it was not a Liberal administration at that time.

—has been stealthily to alienate the authority and control of parliament, to take power into its own hands and away from parliament with respect to many important affairs of the nation.

Mr. Garson: Would the hon. member permit a question?

Mr. Drew: Certainly.

Mr. Garson: Does my hon. friend agree that the words he has been quoting were fitting words for the right hon. gentleman to have applied?

Mr. Drew: Mr. Speaker, that is exactly the type of comment that I have come to expect from the Minister of Justice (Mr. Garson). I was quoting the words of a man who has been recognized and acclaimed on other occasions by the minister who has just interrupted me as an authority on parliamentary procedure. I have pointed out on other occasions that, no matter what disagreement there may have been with regard to the many details of the things that were done, I did believe that the Right Hon. William Lyon Mackenzie King understood the principles of parliament, and it would be a very good thing for the present Minister of Justice to remember them when the time comes for him to draft any further legislation bearing on subjects of this kind.

Mr. Abbott: Now try answering the question.

Mr. Drew: I was just about to point out, when I was interrupted by the Minister of Justice, that the quotations I have placed on record are quotations which indicate that this is not a subject with regard to which members of only one party have been expressing concern. This is a subject about which members of all parties in this house and members of the different parties in the House of Commons at Westminster, in Australia, New Zealand, South Africa and elsewhere throughout the commonwealth, have been expressing great concern in recent years.

I wish it were possible to examine this question as one of common concern. I wish it were possible to examine it with the idea that we might now start back toward some system that would have full regard for the vast and infinite variety of detailed subjects that must be dealt with but would at the same time make it possible to give hon. members of this house, as the representatives of the people, an opportunity to obtain essential information which would qualify them to pass judgment with knowledge of the facts. That, after all, was what the Right Hon. Mackenzie King was emphasizing. He wanted the facts to be known. He wanted the important details put before the house. He recognized that every single piece of information could not be brought before the house but he did want the business of the country carried on in parliament and not behind closed doors. That is the view we have been expressing. That is the hope with which we place this subject once again before members of the house.

I referred to the speech made outside the house by the Secretary of State (Mr. Pickersgill). An interpretation of his opinions certainly shows that he has gone several steps beyond the position taken by the Right Hon. J. L. Ilsley and that the position he takes is one which would never have been tolerated in silence by the man who was prime minister of Canada for so long and with whom he was closely associated. We have asked for assurance that under these changed conditions the government would reverse its course. A clear indication of that would be a statement by the government that it definitely will not seek the support of the majority in the house to continue the Emergency Powers Act on the statute books of Canada.

A consideration of this legislation is appropriate at this time in so far as the intent behind the introduction of such an act may be examined. Now is the time to avoid unnecessary subsequent debate with regard to either this or any other emergency legislation. That can be done if hon. members will only make it clear that they wish no continuance of emergency legislation of that kind in a period when we are as close to normal conditions as any of us are likely to be for many long years to come.

Last year the Emergency Powers Act was renewed. It is still on the statute books and unless renewed again will expire on May 31 of this year. The terms of that act involve an attitude consistent with the view expressed by the Secretary of State, consistent with the view expressed some years ago by the Right Hon. J. L. Ilsley, but not consistent with the view expressed by the Right Hon. William Lyon Mackenzie King and not consistent with the view expressed by many people of different parties who today are seeking some new method to give real parliamentary responsibility to the members elected by the people and to restore the rule of law instead of the rule of dictate such as we have at this time.

It is not enough to say that no harm has been done. Great harm was done last year to the principles of parliament by something that was done under that act. Without reviewing the orders in council passed in 1951 and 1952, as well as in 1953, under the Emergency Powers Act, may I say that the most outrageous example of abuse of emergency powers occurred on Monday, April 20, last year. What happened then should be in the minds of the members of this house when we consider today the

attitude of the government towards the extension of any emergency measures which give to the government the power to legislate behind closed doors.

Those who were sitting in this house at that time will recall that the house met at eleven o'clock on the morning of April 20 last year. It was dealing with amendments to the shipping act, and that was the place where anything affecting shipping, and the rights of ship owners or others, could have been discussed, with knowledge of what was being done, by members of this parliament. It was very significant that while that act was under discussion that morning the Minister of Transport (Mr. Chevrier), under whose department the administration of acts of this kind must come, absented himself from the House of Commons during that discussion. In his absence the amendments were approved, and in due course the bill was given third reading in order that it could be passed on for consideration in the other place.

After the house had spent only a few minutes in the transaction of some other business, to the very great surprise of hon. members in this house, the Minister of Transport made his appearance in the house just before the one o'clock adjournment. He proceeded to ask for consent to revert to motions, and permission was given by unanimous consent. He thereupon tabled two copies, in English and in French, of order in council P.C. 1953-604, passed three days before that, on Friday, April 17, under the provisions of the Emergency Powers Act. This order in council, which had been passed three days before and had the effect of law, was of very great interest to many ship owners in this country and was presented here in that way. Earlier the same morning we had been discussing an act to which these changes could very properly have been amendments.

There was no reason whatever for the provisions of that order in council, because they could have been enacted as part of the provisions of the Canada Shipping Act. I just heard an interjection to the effect that is not so. It is so, Mr. Speaker. It is true we were told three days later that this was part of a general agreement of some kind, but there was no general agreement. I hope the time will never come when there will be general agreement that this government has the right to enter into any understanding with any other government which will deny to this parliament information to which it is entitled. It most certainly could have been made an amendment to the Canada Shipping Act, or failing that it could have been a separate piece of legislation introduced by the minister who had been piloting the Canada Shipping Act through the house. Members who were sitting here could have passed upon those amendments in the ordinary way. Instead of that, an order in council was passed behind closed doors, given the effect of law, and in that way many people had their position substantially affected without the members of parliament having an opportunity to deal with the subject.

Let us go back to the time when this act was before the house on February 20, 1951. At that time the Emergency Powers Act was being considered, and the Prime Minister (Mr. St. Laurent) was explaining why this act was being presented. I quote what he said on that occasion from page 497 of *Hansard* for that date:

> The question may be asked, what is the nature of the emergency we are facing? In the opinion of the government, it is as defined in the following language in the speech from the throne:
>
> "The increased menace in the Far East reinforces the mounting evidence that communist imperialism is determined to dominate the world by force or the fear of force, and that the only hope of maintaining peace with freedom lies in the rapid increase of the combined strength of the free nations."

That was the reason we were given in 1951, Mr. Speaker. No one suggests today that we have passed the time when we need to be careful to maintain our strength against the threat of communist aggression. However, we have passed from the immediate emergency state which arose following the attack in Korea, and have entered a stage of long-term duration when we hope that, as a result of the mounting strength of the partnership of free nations, peace may in fact be preserved. There is a very real hope that the full horror of the kind of war that would result from the use of the new weapons which have been accumulated to meet the possibility of that threat may in themselves offer a hope of peace in the years ahead.

If it should happen, this will not be the first time in history, by any manner of means, that great military powers available for military action have, in fact, assured peace over a long term of years. I believe that the hope of every one of us here is that the money that is being spent for defence today will have that effect. Nevertheless, we have been told by the government here, we have been told by statesmen associated with us in this common effort, that this is going to be a long period of sustained effort. If we are to have peace, it will only be the result of carrying on for a long time under conditions which require from us very definite military preparations, and which also offer hope to us of peace through the might of the defence that is being built up.

This is a subject, Mr. Speaker, in which all have a common interest. I did not quote for the record here today the words of a former prime minister merely for the purpose of seeking to embarrass any minister of the present government or to establish the inconsistency of views that have been expressed. I did so to demonstrate to this house how far we have strayed from the position that was commonly accepted by most members of this house.

When I am asked whether I agree with words that were spoken at that time, may I say that it is most interesting to have anyone offer the suggestion today that the very limited powers in the hands of the government in the early part of 1935 bore even the slightest similarity to the immense emergency powers held by this government today. And yet, in relation even to those very limited powers, we found the then leader of the Liberal party using these strong terms:

> The first step towards permanent recovery or reform in Canada must be the decisive repudiation by the Canadian electorate of the tendencies towards dictatorship manifested during the last five years, and an equally decisive repudiation of measures, by whatever party they may be advocated which tend in the direction of Hitlerism, fascism or communism.

Mr. Speaker, there were those who laughed at Mr. King when he spoke those words.

An hon. Member: Oh no.

Mr. Drew: Oh yes, there were. When an hon. member says, "Oh no", I say there were people who laughed at Mr. King at that time. And there are people who laugh today at the suggestion that there is any danger in a trend of this kind.

No, I am not going to suggest for one moment that the words of Mr. King as to the possibility of Hitlerism, fascism, or communism are appropriate. And I do not think those words were appropriate then. But I do think the statement he was making in regard to the principles of parliament—in spite of the giggling of the Minister of Justice (Mr. Garson) at the moment—I think those were important principles.

Mr. Garson: On a point of privilege. My hon. friend, during the course of his remarks, is frequently in the habit of attributing giggling or the making of remarks to members of the government. When statements of this kind are not correct—and this is one of them, because I was not giggling; I forbore while listening to my hon. friend—some answer should be made.

Mr. Drew: Mr. Speaker, on my responsibility as a member of the house I say the Minister of Justice was laughing and was giving every appearance of his customary giggling during remarks of which he does not approve.

Mr. Garson: Mr. Speaker, I believe the rules of the house require my hon. friend, as a member, to accept the word of another member as to what he was doing. And I say to my hon. friend, when he makes the suggestion that I was giggling, that he is making a statement which has not an atom of truth in it.

Mr. Drew: Mr. Speaker, I can only express my great regret at the pain which produced the grimace on the face of the Minister of Justice at that moment.

Mr. Speaker, I believe this is an opportunity for members in the house to express an opinion in regard to this subject, without testing the position of the government in relation to any legislation before the house. It is an opportunity for members to make their comments respecting emergency legislation of this kind. It is an opportunity for members in the house to give to the government a clear indication that the trend should be back toward greater responsibility on the part of parliament, and that there should also be a greater recognition of the principle of the rule of law.

Therefore, Mr. Speaker, so that this subject may be dealt with by hon. members, through the opportunity provided in this instance, I move, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

> That all the words after "that" to the end of the question be deleted, and the following substituted therefor:
>
> "this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government."

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, I was just about to say that I think we have listened to a speech this afternoon which does serve a useful purpose, because it brings before us a problem of government and parliament.

Last year we opposed the legislation now under discussion on the ground that the government had not used it as we anticipated it would have been used. The Emergency Powers Act was first placed on the statute books in 1951. In that year we understood that the legislation would be used in the interests of the Canadian people to prevent further inflation, to protect the people from the rising costs of living, and the like. This was not done. Consequently, when the measure came before the house last year we opposed it on those grounds.

I can see some circumstances under which legislation of this description is necessary;

but I do not believe that that necessity exists at the present time. I do not know—because one does not have the research facilities one would like to have—how many times this legislation has been used since last May, when the house approved its extension. I doubt very much whether it has been used to any extent. And if it has not, then that is the first argument why it should not be extended or continued at the present time.

What the Leader of the Opposition (Mr. Drew) has said about the supremacy of parliament and the rule of law is certainly something of which we should take heed, wherever we may sit in the House of Commons. May I say particularly at this time that at least one public man in this country, in the person of the premier of Quebec, is challenging the supremacy of parliament; and, indeed, if reports can be believed, is challenging the rule of law, when he says that a federal act passed in relation to deduction of income tax for federal purposes will not be fulfilled by the government of the province of Quebec.

I say that every member in the house, no matter where he sits, should regard himself as a guardian of the supremacy of parliament and a defender of the rule of law, no matter whom it may affect, whether it be an individual, a corporation or a government.

As I listened to the Leader of the Opposition this afternoon, that was the thought that flashed into my mind. At the beginning of his speech he said that the supremacy of this parliament and the rule of law are of fundamental importance to this country, and, indeed, at this time, to the world. I would like to remark that we should keep that constantly in mind as we discuss measures of this description, and other problems, that face the country today.

We shall support the motion at this time because we believe that, since the Emergency Powers Act has not been used in the manner in which it should have been used, and perhaps has scarcely been used at all, its continuance is not consistent with responsible parliamentary government. I am one who believes in parliamentary institutions and the parliamentary system. I believe as a matter of fact that for the self-government of man—and I use that in the sense of including both men and women—no better plan has yet been devised by man. And I want to see the supremacy of parliament and the rule of law properly maintained. But I think the government will have to make a case for the retention of this legislation. I am not going to say very much today, but I will say, as we did last year, that we shall indicate our opposition to any proposed extension by voting for the amendment that has been introduced by the Leader of the Opposition this afternoon.

During the war years perhaps this parliament did grant to the government many prerogatives and rights which ordinarily should have been exercised by this house. We were forced to do so under those circumstances. I suppose there will be times during peace and in war when governments of all stripes will ask for powers that go beyond what is normally granted in a legislative body of this description. I say, under certain emergencies powers of this sort must be granted, but I do not believe that the situation exists at this time which warrants this parliament, under the circumstances, considering, if the proposal is made—it has not been made yet—extension of the powers that we gave to the government several years ago, and the more limited powers which we extended last May.

I do not wish to speak at any further length, but merely to express the point of view that I have just expressed and to say that I hope that every hon. member, wherever he sits, will heed the plea of the Leader of the Opposition for the maintenance of the supremacy of this parliament and of the rule of law throughout the whole of this country.

Mr. Solon E. Low (Peace River): Mr. Speaker, it would seem unfortunate that such an important question as has been injected into parliament this afternoon should not have been known a bit in advance, because some of us would like to have made better preparation in detail so as to be able to cite specific cases to the point, and make of this debate what it really should be.

I look upon this matter as of the utmost importance, and it is because I do look at it as of the utmost importance that I said what I did, namely, it is too bad we did not have some indication that it might be raised this afternoon. However, the Leader of the Opposition has raised it, and I for one would not like to see the occasion pass without registering briefly views which I have with respect to the very important principles of the rule of law and the supremacy of parliament, which are the subjects of discussion.

For a good many years thinking men and women all over the world have been concerned about insidious attacks that have been made on these two important principles of democracy, the supremacy of parliament and the rule of law. No less a person than Lord Hewart of Bury, a member of the House of Lords, began away back in 1927 to register his fears through various publications. He wrote a book known as "The New

Despotism" and he brought it up to date in 1949, when the second edition was published. I should like to indicate just briefly from Lord Hewart's book one or two of the important views which he held, and by doing so I hope to be able to show hon. members that as far back as 1927 Lord Hewart of Bury saw what was happening in parliament. He observed this gradual but steady decline in the rule of law and in the supremacy of parliament and the gradual increase in the use of executive order by order in council to govern the country, and to do it without the knowledge of the representatives of the people.

I am not going to quote at any length, Mr. Speaker, but I do want to use just a few of the statements made by Lord Hewart of Bury to illustrate the importance of this matter. He said:

> A little inquiry will serve to show that there is now, and for some years past has been, a persistent influence at work which, whatever the motives or the intentions that support it may be thought to be, undoubtedly has the effect of placing a large and increasing field of departmental authority and activity beyond the reach of the ordinary law.

This has been done very largely through two methods, as far as I can understand: First, through the manner in which our various acts of parliament or laws are drafted by draftsmen who put into them certain clauses making it possible for the minister or the government, the executive council, to make regulations and even to go so far as to change the nature of the law and its provisions by regulations. That has been known. It has been done right here in this parliament over the years, and the process has gone on almost unimpeded for a number of years.

Lord Hewart went further and said this:

> The citizens of a state may indeed believe or boast that, at a given moment, they enjoy, or at any rate possess, a system of representative institutions, and that the ordinary law of the land, interpreted and administered by the regular courts, is comprehensive enough and strong enough for all its proper purposes. But their belief will stand in need of revision if, in truth and in fact, an organized and diligent minority, equipped with convenient drafts, and employing after a fashion part of the machinery of representative institutions, is steadily increasing the range and the power of departmental authority and withdrawing its operations more and more from the jurisdiction of the courts.

In my experience in parliament we have never had a wide-open debate on this important matter. It would be very much in the interest of the country to have such a debate, where we could be better prepared for it, although the subject has been introduced here this afternoon by the Leader of the Opposition and it will serve a real purpose in alerting our people, not only in this house but across the country, to what is going on. Yet the full value cannot possibly be realized unless we are more thoroughly prepared for it than we are this afternoon. Lord Hewart pointed out in his thesis that to the average lawmaker, the average proponent of democracy, the continental system of administrative law was repugnant. I believe that is right; it is to me, although I must admit right out, Mr. Speaker, that the continental system of administrative law is at least a system, and it does provide for courts and law and hearings and adjudications and all that sort of thing, with which it attempts to preserve for the people their rights and liberties. Then, Lord Hewart went on to point out that although the continental system of administrative law is repugnant to the average proponent of democracy, yet it has some superiority over the kind of rule of law into which we have declined in these days.

Mr. Fulton: The rule of lawlessness.

Mr. Low: Yes, the rule of lawlessness; it might be wise to say that, as the hon. member for Kamloops remarks. This insidious process —and I call it insidious because anything that saps the strength of the parliamentary institutions is insidious—has been going on for enough years so that the people of the country should be aware; but I say to you that the people of the country can hardly be aware of the process and its insidious nature unless they can get the facts. There is only one way in which they can get the facts and that is if the government of the day, which is supposed to be a democratic government in this country, will make those facts available to the members of parliament, the press and to the public generally. I say to you, Mr. Speaker, that that procedure has not been considered by the Liberal government, as long as I have been in the House of Commons, to be a responsibility of theirs. In fact, there have been times when the members of the opposition have sought for information and have been denied it. Why, I have never yet been able to learn.

Mr. Martin: May I ask the hon. member a question?

Mr. Low: Yes.

Mr. Martin: I know very well the book to which my hon. friend refers, and I am sure that in that book there is nothing that deals with this particular aspect of the problem. Lord Hewart was referring to excessive administrative powers given to administrative tribunals, where there was no right of supervision by the courts, and so on.

I am sure that on that particular issue he did not express himself as my hon. friend implies he did.

Mr. Low: Oh, yes. I am sure the minister has not read the book recently or he would not say that.

Mr. Martin: Oh, yes; I have.

Mr. Low: The fact is that Lord Hewart dealt with the same thing we are dealing with here today. He definitely deplores the way in which parliaments have been denied their responsibility. I will see that the minister gets the book when I am finished so that he can read up on it.

Mr. Martin: I shall be grateful if my hon. friend will show us right now where Lord Hewart says that the kind of thing complained about by the Leader of the Opposition today is contrary to the well-known practice in the United Kingdom parliament, let alone in the other commonwealth parliaments.

Mr. Low: All right, Mr. Speaker. I do not mind doing so. If the minister will tolerate a few more quotations, I think I can give it to him. I am having to pick these quotations more or less at random as I have not had time to prepare for this debate as I should like to have done. At page 16 of his book he simply says:

> It is not merely that in this instance parliament is being out-manoeuvred, or that in that instance the courts have been defied. It is that the whole scheme of self-government is being undermined, and that, too, in a way which no self-respecting people, if they were aware of the facts, would for a moment tolerate.

Mr. Martin: Yes. He was talking about administrative tribunals and royal commissions.

Mr. Low: No. He was talking about exactly the same thing we are talking about, namely the rule of law and the supremacy of parliament, just exactly the same things that were introduced in the speech made by the Leader of the Opposition (Mr. Drew). Lord Hewart goes on to say:

> Much toil, and not a little blood, have been spent in bringing slowly into being a polity wherein the people make their laws and independent judges administer them. If that edifice is to be overthrown, let the overthrow be accomplished openly. Never let it be said that liberty and justice, having with difficulty been won, were suffered to be abstracted or impaired in a fit of absence of mind.
>
> The paradox which is in course of being accomplished is, indeed, rather elaborate. Writers on the constitution have for a long time taught that its two leading features are the sovereignty of parliament and the rule of law. To tamper with either of them was, it might be thought, a sufficiently serious undertaking. But how far more attractive to the ingenious and adventurous mind to employ the one to defeat the other, and to establish a despotism on the ruins of both!

What else could he be talking about but the rule of law and the supremacy of parliament? That is quite plain to be seen.

Mr. Martin: Yes. That is what he is talking about.

Mr. Low: Speaking of some kings of old, he goes on to say this:

> In those days the method was to defy parliament—and it failed. In these days the method is to cajole, to coerce and to use parliament—and it is strangely successful.

To use parliament. What for? To set up, Mr. Speaker, a despotism or a narrow type of oligarchy for the purpose of governing a country which is supposed to be democratic. Then Lord Hewart goes on and gives a lot more things which I do not believe I need to quote. I am going to help my friend the minister by giving him some of the recommendations which Lord Hewart made and which I think he will see apply to the very case in point. At page 147, in a chapter entitled "What is to be done?" he says:

> If it be asked where the remedy is to be found for the mischief which is here deplored, the answer is not difficult. Is it too much to hope, in the first place, that the worst of the offending sections in acts of parliament—

I direct attention to the words "acts of parliament".

> —may be repealed or amended? And, in the second place, is it not comparatively easy to prevent similar sections from being enacted in future? To this end what is necessary is simply a particular state of public opinion, and in order that that state of public opinion may be brought into existence what is necessary is simply a knowledge of the facts. At present, it is tolerably safe to suppose, only a small part of the electorate knows what has been and is being done, while it is a still smaller part that has any real appreciation of the meaning and effect of the statutory provisions which offer at once the occasion and the instrument of despotic power. Two methods at least may be adopted, easily and immediately, by those who desire to discourage the new despotism. One is to form in each house of parliament a committee,—

And I put this forward as a suggestion to the Liberal side of the house particularly because they are the ones that can do something about it.

> —not too large, whose sole task it should be to examine every bill, as it is introduced, for the purpose of observing whether and in what respects its provisions may have the effect of increasing the power of bureaucracy, and whether and by what contrivance that power is to be made irresponsible.

If that is not a suggestion along the line that my hon. friend—

Mr. Prudham: Will the hon. member permit a question?

Mr. Low: Yes.

Mr. Prudham: I have here a quotation from the Edmonton *Bulletin* of November 16, 1950. I will read the quotation—

Mr. Low: Is the minister asking a question or making a speech?

Mr. Prudham: I should like to know whether the hon. member subscribes to what is stated in this quotation which reads as follows:

> The argument that a strong opposition improves a government is incorrect.
> If you want a man to do a job you don't hinder him. Political opposition is often a hindrance.—Premier E. C. Manning.

Mr. Low: Mr. Speaker, I have not the slightest idea what the minister thinks that has to do with the present case.

Some hon. Members: Oh, oh.

Mr. Low: Not the slightest.

Mr. Pickersgill: Do you agree with it?

Mr. Low: As a matter of fact, I do not know what he was quoting from. I do not even know that the words were authentic. I do not know anything about the case, but I will say this—

Mr. Knowles: It shows what this government would like.

Mr. Low: Yes; it certainly does. It indicates all too well where the minister's mind is. But let me say this. I do not subscribe to that idea at all. I subscribe to the supremacy of parliament and the rule of law. I think that a strong opposition is important to any government.

Mr. Hansell: And so does Mr. Manning.

Mr. Low: So does Mr. Manning, I am quite certain.

Mr. Hansell: He has said so many times.

Mr. Low: The situation is simply this. The government has not brought forward the Emergency Powers Act for discussion today; not at all. The Leader of the Opposition (Mr. Drew) injected this discussion into the proceedings of the house today.

I just wanted to make those observations because I want to use them to support the stand we have always taken in connection with these emergency powers. Let me make it abundantly clear once more. I recognize the fact that there are times when the government needs unusual powers. When the need is clearly expressed, when that need has been demonstrated, when the government comes to this parliament and asks for those powers, and when I am convinced that they need them to meet a situation which exists, I will not withhold my consent for whatever it is worth in this house. That is the position we have taken in years gone by and that is the position we take today. On the other hand, when the government year after year asks for an extension of the Emergency Powers Act and then does not use the powers that are given, thereby demonstrating that there has never been any real need for them, I for one do not intend to agree at any time to the extension of those powers unless once more it has been demonstrated, by logical argument, that the government needs them.

I do not know what the government is going to do about these emergency powers this year, but I do want to submit my view that we should have in this house a watchdog committee of the type suggested by Lord Hewart, which committee could make a very careful scrutiny of all legislation in order to see that bills are properly framed and do not contain the kind of clauses which will curtail or filch from parliament its right to control the government of the country, which is a responsibility placed upon parliament under a system of parliamentary government.

Hon. J. W. Pickersgill (Secretary of State): Mr. Speaker, I am not rising to speak in reply to the motion made by the Leader of the Opposition (Mr. Drew). I am not competent to do so, because the question is one of government policy which, as the Leader of the Opposition, and every other hon. member of this house, is well aware, has not yet been determined. The hon. gentleman was told this only last week by the right hon. gentleman who was then acting prime minister. I imagine those of us who believe it is important to maintain parliamentary traditions wonder in passing whether this attempt to anticipate a debate which might come before the house later on is altogether in accord with the usual parliamentary traditions. I do not think it is, though I do not believe it is out of order. But I shall not argue that point.

The only reason I am taking up any of the time of the house, Mr. Speaker, is that my name has been mentioned and the remarks I made in a rather modest after-dinner speech made in another place seem to have caught the eye of the Leader of the Opposition. I confess I am rather flattered that he should have read that speech. I am even more flattered that he should have considered it sufficiently important to be made the excuse or the occasion for a debate, because I stated in that speech—though the hon. gentleman did not see fit to read it—something to the effect that all politicians live on advertising and on having their names

before the public. I recognize this and I give my thanks to the Leader of the Opposition for bringing my name thus briefly before the house. But I am afraid my agreement with the Leader of the Opposition ends just there.

Mr. Drew: Well, sit down.

Mr. Pickersgill: No. I am now going on to disagree with the Leader of the Opposition, which I believe is the proper function of an hon. member in debate.

I suppose there are some hon. members opposite of the mechanical minority—if I may use the word of Mr. Mackenzie King of which I was reminded by the hon. gentleman—who think that anyone who speaks in this house should not disagree with the Leader of the Opposition. Well, I do not agree with the Leader of the Opposition. I do not agree with the fundamental statement he made. He quoted from a speech made by Mr. Ilsley some years ago in this house, and also from a speech I made some days ago in another place, and referred to certain things which had been done by this government inside and outside of this house, and before I was a member of it, which he said indicated a tendency towards a one-party state. I do not agree with that at all.

I said in the speech from which the hon. gentleman quoted that I supposed there was always some tendency for parliamentary oppositions to try to give the impression that under our system parliament is the government, and then I went on to say:

> Parliament is not the government and the government is not even a committee of the whole of parliament, though there is a certain sense in which the government can be regarded as a committee of its own supporters in parliament.

That is where the hon. gentleman said I should have stopped. But I am not going to stop there. I am going to say this to the hon. gentleman. I do not believe in, I do not want to see, and I am totally opposed to a one-party state. I believe an opposition which does not agree with the government should not support it. When the hon. gentleman says there is a joint responsibility in this parliament which should be accepted by all hon. members on both sides of the house for what the government is doing, I would then ask who is advocating the one-party state? Is it the people on the opposite side who say they want to share the responsibility for what the government is doing? Or is it those of us in this house who say that as long as the electorate and members of parliament give us their confidence it is our responsibility exclusively and we have got to take the blame? If the opposition can persuade the electorate they can do better then they will be on these treasury benches. But if I cross over to the other side of the house I shall not wish to share their responsibility.

That, I believe, is a true parliamentary system, and this notion that in some mysterious way the opposition has a share in the responsibility for carrying on government is not. The opposition has a duty and a very important duty which, it seems, they sometimes forget. They have a duty to harass the government and to point out mistakes in government policy. They have a duty to give a coherent, responsible program to the public so that the public has a chance of electing an alternative government. I question very much if they have made much effort to do that since 1935.

I am not talking about emergency powers, and I do not intend to do so except to make one observation later on. I am talking about the reference made by the Leader of the Opposition to the speech I made. I believe the difficulty is, and it is a difficulty which is inherent in Conservatism, that it is impossible for a real Conservative to believe that the public could want anyone else to carry on the government. That is why, after an election, they always want to reverse the verdict of the electorate and to crawl into office even though the public has indicated they are really not wanted.

I believe the public has indicated that fairly decisively, particularly in the last two elections. All I was talking about in this speech of mine, which has been the occasion though not the real reason for this debate, was the question of procedure in parliament in regard to motions for the production of papers, and addresses to the crown for papers. There has been considerable discussion about this on the other side of the house and statements made have been, if I may use my own words, rather plausible, and rather misleading to people outside the house. I tried to give to a number of gentlemen and a few ladies, who did me the honour of asking me to speak, an explanation of what the ancient parliamentary practice was in regard to these things. The Leader of the Opposition, if I took his words down correctly, said there was a tendency to move away from these old practices.

I said I would not agree with the Leader of the Opposition. I am sorry, Mr. Speaker, but I have to agree with him in this instance. I believe there has been a tendency to move away from these old practices—on the part of the opposition. To illustrate my point I would like to read a passage on this question of motions for papers from Bourinot, who was a clerk of this house some time ago and

who, I do not think, can be accused of any of the latter twentieth century innovations we have had here.

Mr. Fulton: What page?

Mr. Pickersgill: I have the fourth edition, published in 1916, and in this copy it is on page 249. It reads:

> Occasions may arise when the government will feel constrained to refuse certain papers on the ground that their production would be inconvenient or injurious to the public interests. A high authority writes on this point:
>
> "Considerations of public policy, and a due regard to the interests of the state, occasionally demand that information sought for by members of the legislature should be withheld, at the discretion and upon the general responsibility of ministers. This principle is systematically recognized in all parliamentary transactions; were it otherwise, it would be impossible to carry on the government with safety and honour."
>
> Consequently, there are frequent cases in which the ministers refuse information, especially at some stage of an investigation or negotiation; and in such instances the house will always acquiesce when sufficient reasons are given for the refusal.

Mr. Fulton: Exactly, when sufficient reasons are given.

Mr. Pickersgill: I continue:

> On this account, members will sometimes consent to withdraw their motions; or in case only a part of the information sought for can be brought down, they will agree to such alterations as the minister may show to be advisable . . . sometimes the government may be obliged to withhold all information at the time, or they may be able to put the house in possession of only a part of the correspondence. If the government objects to the production of documents on the ground that they are of a confidential nature, it is not usual to insist on their being furnished, except under peculiar or imperative circumstances, on the ground that it would be wholly without precedent to produce them.

I could read a lot more to the same effect. This is the ancient practice. That is all I was describing in this modest little effort of mine. I was not attempting to suggest that the executive should take the place of parliament or anything else. But I did give reasons why some of these documents should be refused, and in view of some of the other things that have been said in this chamber this afternoon, much as I dislike the practice of quoting one's self I am going to do so right now, and I will make the quotations as short as I can. In the speech referred to, I had just been quoting the privy councillor's oath with which the hon. gentleman who leads the opposition is, to my knowledge, familiar because I administered it to him myself, and it gave me great pleasure to do so. I then was in another capacity.

I had referred to the privy councillor's oath which I do not need to remind the hon. gentleman obliges ministers not to disclose what takes place in Her Majesty's council. I said:

> Now the main reason why deliberations of the council are and should be kept secret is that privy councillors, like other human beings, sometimes have minds of their own and occasionally have differences of opinion about the course of action to be taken by the government. But the government itself can only take one course of action at a time—

I think I should have said "can take only one course of action".

> —and since all ministers are responsible for every action taken by the government and are in duty bound to support the action of the government—

Or to resign.

> —our kind of government would be impossible if differences between them which have to be resolved were not kept secret.

In view of certain experiences that some other countries have had, I think the salutary nature of our system will be appreciated. But I gave another reason which perhaps some hon. members would think I might be a little more touchy about than most members in the house. I said that on many occasions documents which are asked for in these motions are documents which pass between officials and ministers. I think it is known to every hon. member that, for quite a long time before I came into the house, I was a bureaucrat, and for most of that time I was very well treated as a bureaucrat.

Mr. Blackmore: Hear, hear.

Mr. Pickersgill: Yes, I agree with the hon. member.

Mr. Martin: But deservedly so.

Mr. Pickersgill: But towards the end of my career as a bureaucrat I suffered something which some other public servants in this country, perhaps for less reason, have also suffered. An attempt was made to go behind the minister who was responsible for my conduct and to bring me into a controversy when I could not reply. I am not complaining about that in my own case at all. As a matter of fact I have taken means whereby I can now defend myself to the best of my abilities against any kind of attacks. But most civil servants—and I hope this will continue to be true—do not aspire to political careers. They do not want to have political careers and they should not be put in the position where they either have to have a political career if they want to defend themselves or they have to stop giving honest, courageous and sometimes disagreeable advice.

Under our system civil servants are not entitled to explain or defend themselves, their

opinions or their advice in public, and they should not be allowed to do so. Because they are divorced from politics and because it is essential to the proper working of our system that they should continue to be divorced from politics, it is absolutely essential that the documents which they prepare for the advice of their ministers, setting out the arguments pro and con, stating the advantages of one course and the advantages of another, and sometimes tendering advice that some ministers do not accept—because that does happen—should not be made public. To protect civil servants, to protect the very system under which we operate, the rule has been established that parliament is not entitled to see documents passing between public servants and ministers. Such documents are, in the language of parliament, privileged.

That is all I was talking about in this attack on parliamentary institutions that I am supposed to have made. That is absolutely the only point I was making. I think it is the duty of a government to protect these documents, to protect the people who prepare them, and to do so is not denying to parliament any essential facts whatsoever. The facts that a government is obliged to produce here, that it has a duty to produce here, and that this government in my experience has always been willing to produce, are facts, and not opinions, not arguments as to alternative possibilities and that sort of thing, on which ministers, either individually or collectively, have to make up their minds.

The facts to which parliament is entitled are the facts on which the government reaches a conclusion. It is the duty of the minister to give them. It is his duty to give them in his own words and on his own responsibility, and if he does not do a good job of it the opposition should make his life miserable until he does. But they should not sneak around by the back door, if that is not unparliamentary, sir, and try to burgle the minister's briefcase and to do it by motions for papers in parliament. That was my only point and that is my only point.

In my opinion the sooner we get back to the ancient practices and the ancient ways and the sooner hon. gentlemen opposite return to the old fashioned practice of attacking ministers and of making ministers answer for their departments, instead of trying to get behind them to attack defenceless civil servants, the sooner we will have good debates in parliament, and the sooner we will have greater respect for parliament in the country. Now I, sir, am not going to give any lecture—

Mr. Drew: Perhaps the minister would agree to tell the house at what point any hon. member this afternoon made any suggestion that could be interpreted in the words he has just used?

Mr. Pickersgill: I do not think I said any hon. member did, Mr. Speaker. As I recall it, I was describing what I had said at a dinner at the Chateau Laurier. I said that there were times when motions were put down here that would have that kind of effect. I did not say in the debate this afternoon any hon. member had said anything of that sort. At least, I do not think I did. If I did, I did not mean to do so. If I did, I withdraw it.

I was saying that it does not seem to me that the fact the government feels it has a duty to resist motions for the production of privileged documents is interfering with any of the rights of parliament or any of the rights of the opposition. I feel it is upholding the ancient parliamentary practices, upholding our way of doing things and making our kind of responsible government workable. That is my whole point. If any hon. member opposite wishes to read the whole of what I said, without just taking a fragment here or there—not that I object in any way to the way in which the hon. member used the quotation he made from my remarks, I only objected to the occasion when I thought he departed from my text and put in the word "facts". I have carefully gone over what I said and I found no occasion where I said anything about the denial of facts. I do not think it will be found anywhere in my remarks.

Mr. Coldwell: Will the hon. minister permit a question? We have not had that speech identified. Where was it delivered and when?

Mr. Pickersgill: I would be delighted to do so. I apologize to the hon. member for not having sent him a copy.

Mr. Knowles: We thought you made it in the Senate. You kept talking about "another place".

An hon. Member: Not in the Senate yet, anyway.

Mr. Pickersgill: The hon. member will have to pardon my inexperience in using terms of that kind. It is described here as "cabinet government and freedom of information." You know, they always ask you to give a title and I thought that one up. The title is not very bright or original. It was a speech delivered to the semi-annual meeting of the Canadian Weekly Newspapers Association at the Chateau Laurier hotel in Ottawa, on February 22 of this year.

In referring to the Emergency Powers Act, the Leader of the Opposition quoted from Mr. Mackenzie King. He gave one or two quotations, which he said he was not giving to embarrass anyone on this side of the house. I can assure the hon. member they did not embarrass me, and for two reasons. They did not embarrass me because they were taken from a period long before I had ever met Mr. King. They did not embarrass me because I agree fully with what was in them. I particularly noted, and took down so I would have them right, certain words he quoted from one of Mr. King's speeches. Mr. King said that the executive had derived its power from, and is responsible to, the House of Commons. That is precisely what I was saying here. It is precisely what Mr. Ilsley said. Mr. Ilsley said the power was not delegated by the House of Commons. Everybody knows it is not delegated; that is not the mechanical way it is done, if I may use the word "mechanical" here.

He said the power was derived from the House of Commons. We who sit on the treasury benches here are nothing—

Mr. Hodgson: That is right.

Mr. Pickersgill: —the moment we cease to have a majority of this house to support us on any question. Therefore, we derive our power from this house, and we acknowledge that. It is true that there are certain people in this house, quite a large number, who were elected to support us and keep us here. There were a certain number of members elected not to support us. We do not derive our power from those who were elected not to support us. Surely that is a self-evident fact.

What really makes this whole question rather difficult is the fact that, when motions are moved by the hon. member for Prince Albert (Mr. Diefenbaker), by the hon. member for Kamloops (Mr. Fulton) or the hon. member for Winnipeg North Centre (Mr. Knowles)—though the hon. member for Winnipeg North Centre is usually more in order—asking for papers which they know quite well no government would give and which they themselves certainly would not give if they were in office or they would not stay in office very long, the newspapers frequently say the government refused information to the house when those motions are voted down. The twenty people who sit on the treasury bench cannot vote them down. It requires the majority of the house. The government is not refusing information to the house. We would not dare.

If the house, by a majority vote, asks for information we must either give the information or we get out of office. It is just as simple as that. That is what responsible government really means. It does not mean giving some information that some hon. member opposite would like to have in order to show there was a difference of opinion between me and the Minister of National Health and Welfare (Mr. Martin). I may say that never happens, but it might happen. It might even be reflected in a document or a letter I would write to him. If it did happen, I would not blame the hon. member for trying to get that correspondence. I mean, it is part of the game.

Mr. Knowles: Who would be right then?

Mr. Pickersgill: They are not right, however, when they say that if we will not give it to them we are defying parliament or destroying the rights of parliament, because we are not. That is my whole point.

I feel I can perhaps reinforce this a little by reading one paragraph of this speech that the Leader of the Opposition (Mr. Drew) did not read. When I have read that, I think that is the only other quotation I shall inflict on the house. I recognize that I was talking to newspapermen, whose business it is to get information in any honourable way they can, and what I was saying was not very palatable to them. I tried to explain the case as well as I could, and then I went on to say:

> I am sure that every true newspaperman is, by instinct, against secrecy. He makes his living by uncovering news and reporting all the facts to the public. No one would question the right of newspapers—

At least I would not, perhaps I was going too far when I said "no one". In fact, I am sure I was going too far because I seem to remember the Leader of the Opposition did question this right in the case of the radio on one occasion.

> No one would question the right of newspapers to report any differences of opinion between cabinet ministers they are able to discover for themselves, or to publish reports or even speculation about the advice ministers have received from their officials or from experts they have retained, subject always to the ordinary laws of libel.

It is one thing for the press to discover these things for themselves, by any means they have at their disposal which they can exercise without falling foul of the law, and it is quite another thing to say it is the duty of the government to provide this parliament with such information. That is the point, and the whole point. If I can sum it up, parliament has the right to know what the government's decisions are, and it has the

right to have reasonable justification for those decisions and the best case the government can make for them from the government benches, but it has not the right to have all the papers which we have used in making up our minds. That is the essence of it; because those are not public documents at all.

Now, I do not think there is anything more I can usefully add to this subject. However there is one other point upon which I think, as an historian, I would like to make a slight correction. The Leader of the Opposition, in one of his quotations from Mr. Mackenzie King—and I did not take a note of it, I am sorry to say—when Mr. Bennett was in office, contrasted his statement with the situation prevailing under the Emergency Powers Act.

Now, as I recollect it, Mr. King's objection to that legislation of Mr. Bennett was that large sums of money were made available, without any specific appropriation, in a time of peace. That was the point. Appropriating money is a function of parliament. It is true that during the war there were huge general appropriations under wartime conditions; but I do not think this government has asked for any appropriation of that kind in peacetime. And under the Emergency Powers Act we have specifically excluded the power to appropriate money without a specific reference to parliament. In other words, I do not think the quotation was relevant to the kind of circumstances we are discussing in this motion.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the Secretary of State (Mr. Pickersgill) has spent most of his time this afternoon trying to explain and to justify the foolish speech he made outside the house some weeks ago. He has said very little about the Emergency Powers Act; and so, if one is to be in order in following him, there is very little one can say about the hon. member's speech. I would like to make one remark, however, and it is this, that I think after he has had a little more experience as a cabinet minister and has been told a few things by senior cabinet ministers, he will not be so brash about making foolish statements outside the house, and will not come to the house and try to convince the rest of us that, after all, they were not foolish.

The amendment before the house is as follows:

> this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

It is worth while for us first to look at the attitude of members of the government with regard to this question. I refer for example to the statement of the Minister of Trade and Commerce (Mr. Howe) on March 12, just ten days ago. He was asked this question by the hon. member for Prince Albert (Mr. Diefenbaker) when the orders of the day were called:

> Mr. Speaker, I should like to ask a question of the Acting Prime Minister. With the approach of the Easter recess, is he in a position to say whether or not it is the intention of the government to allow the Emergency Powers Act to lapse, or will legislation be introduced to continue it?

One would have thought that the Acting Prime Minister would have treated the subject with great seriousness, and that he and other members of the cabinet would have given a great deal of time to consideration of this question, which is so vital to the parliamentary life of Canada. But here was the minister's answer:

> Mr. Speaker, no decision on that point has been taken as yet. It will depend upon events between now and the end of the session.

That was the very offhand answer given at that time by the right hon. gentleman, showing how little weight he placed on this particular question.

And then today we have another evidence of the attitude of the government, in the very fact that instead of the Prime Minister (Mr. St. Laurent) of this country, or the Minister of Justice (Mr. Garson) leading off for the government in answer to the amendment, we have the Secretary of State (Mr. Pickersgill), the most junior member of the cabinet—or very close to it—getting up and leading off for the government, making a speech which ignored the Emergency Powers Act, and trying to show what a great fellow he is, himself.

Mr. St. Laurent: Mr. Speaker, if the hon. member will allow me to interrupt; when the Leader of the Opposition (Mr. Drew) was making these references to the speech made by the Secretary of State, the Secretary of State sent me a note asking me if I would object if he answered immediately. I said that I would not. As soon as he took his seat I was proposing to rise; but the hon. member for Vancouver-Quadra got in ahead of me. That is why I am waiting until he finishes in order to state my case.

Mr. Green: The Prime Minister knows very well that it is not the practice in this house for one government supporter immediately to follow another.

Mr. St. Laurent: The Secretary of State declared he was not speaking for the government, but that he was dealing with references to himself.

Mr. Green: The Prime Minister, by his own remarks, has made it perfectly clear that he

considered the reputation of the Secretary of State of more importance than this question of emergency powers.

Mr. St. Laurent: Oh well—

Mr. Green: Otherwise the Secretary of State would have been told, as he should have been told, to wait his turn, and to rise later in an attempt to justify the ridiculous speech he made a few weeks ago.

May I repeat that these actions show more clearly than words could do that the present government places very little importance on this question of the Emergency Powers Act, and very little importance on parliament—because it is the strength and power of parliament that is involved in this question. They show further that the government has lost all sense of the values in the democratic system of government.

Further, Mr. Speaker, I point out that during only four years of the life of this Liberal regime have we had a free parliament in Canada; and that was from October, 1935, to September, 1939 when the War Measures Act was brought into force. Ever since the fall of 1939, for a period now of almost fifteen years, there has been no truly free parliament in this nation. Parliament has not been supreme.

A year ago we had a debate with respect to the extension for a further year of the Emergency Powers Act. It was a hard-fought debate, all the opposition parties uniting to attack the government's proposal that the act be extended. As a result of that debate a column was written in the Vancouver *Sun* by the present member for Vancouver South (Mr. Philpott). I shall read two or three paragraphs from that column, because I think it shows very clearly what a Liberal thought a year ago about the Emergency Powers Act—and goodness knows there is far less cause for continuing it this year than there was last.

This is what the hon. member for Vancouver South had to say—and I shall be very interested to see how he votes on this amendment. The column is headed "Sees Liberal Mistake". It is dated February 25, 1953, and is as follows:

> It seems to me that the Liberals at Ottawa are clearly in the wrong, and the Conservatives, C.C.F. and Social Credit clearly in the right about extension of the Emergency Powers Act. Under the regular constitution of Canada the government of Canada has all the powers that it needs to deal with any conceivable emergency. Moreover, in this age of air travel, it is possible to assemble parliament on 48 hours' notice or even less.
>
> Why, then, ask parliament for what amounts to a blank cheque to by-pass parliament even when parliament is sitting?
>
> It would be wrong at any time for a government to ask for the extension of the Emergency Powers Act, unless there was some clear and unanswerable case for such a request. But it seems doubly bad for a Liberal government to do so,—

Mr. Philpott did not know his Liberals then as well as he knows them now. I continue:

> —for the most fundamental principle upon which historic Liberalism stands is precisely the supremacy of parliament.
>
> When young Mackenzie King came into power in Canada after an energetic campaign in 1920 and 1921 when, day after day, he aroused the people of this land to the dangers of rule by order in council.
>
> The principle he championed was right then—and it is right now.

And then he goes on:

> A bad principle is a bad principle—and this is a very bad principle. A bad precedent is a bad precedent—and this is a very bad precedent.

On November 26 I asked, in my speech on the debate in reply to the speech from the throne, that this Emergency Powers Act be repealed. If I remember correctly, no attempt was made to answer that suggestion, and of course no move was taken by the government. We are now in a position where, according to the Minister of Trade and Commerce, the government does not know, the cabinet does not know, what they are going to do about the question.

It is worth while today, Mr. Speaker, to go back and have a look at this Emergency Powers Act. Of course we have on the statute books the War Measures Act, which could be brought in by proclamation even though war is only apprehended and not actually a fact. The War Measures Act was used during the war years, and I have heard no one quarrel with such action. In the post-war years modified measures were brought into effect. The War Measures Act was put back in cold storage, where it remains at the present time, and different acts were enacted to replace it. There was the National Emergency Transitional Powers Act, the Continuation of Transitional Measures Act, and then this Emergency Powers Act, which was passed on March 21, 1951. It is very interesting to analyse this act and see what it provides. In the first place it reads as follows:

> Whereas an international emergency exists that threatens the security of Canada;

In other words, it declares an emergency. That is the first point I wish to deal with in connection with the act. The second point is this: It is based on preparations for defence. For example, the second recital reads as follows:

> And whereas it is essential that emergency powers be conferred to enable measures to be taken as urgently required from time to time to carry out adequate defence preparations,—

There are the words I mentioned a moment ago. Then, the recital goes on:

—to regulate the economy of Canada to meet the needs of defence—

There is another reference to defence. The paragraph continues:

—and to stabilize the economy and to safeguard it from disruption that may result from defence preparations in Canada or from emergency measures taken in other countries, in order that defence preparations may not be impeded.

Therefore the second feature of the act that I wish to deal with in a minute is that it is based on defence preparations. The third feature is in the third recital which reads as follows:

And whereas it is preferable that the necessary emergency powers be exercised under special authority from parliament rather than that the War Measures Act be brought into force so long as—

And these are the words I emphasize:

—present efforts to avert war are continuing and, moreover, it is not desirable that the wide powers conferred by that act to interfere with the fundamental liberties of the individual should now be brought into operation.

The third feature I am emphasizing today is in these words:

So long as present efforts to avert war are continuing.

The fourth feature is the powers actually set out in the act.

First of all, to go back to the declaration of an emergency; as Your Honour knows, the very fact that parliament passes an act declaring an emergency widens the jurisdiction of this parliament. The result is that if a person attempts to attack an act which was passed by this parliament he may be met with the defence that parliament has declared an emergency. That is particularly true of an attempt by one of the provinces to attack the jurisdiction of this parliament to pass an act. Counsel for the defence will probably be met in court with the argument by counsel for the dominion that this Emergency Powers Act declares an emergency, and therefore the act in question is intra vires. That declaration of emergency gives the dominion power it should not have under present conditions; it is an inaccurate description of the situation at the present time, and I go further and suggest it is a deceptive description of conditions at the present time; the dominion is not entitled to have this extended jurisdiction which is gained by declaring that there is an emergency.

With respect to the second feature of the act, defence preparations, I challenge the Prime Minister or any minister of this government to indicate how this Emergency Powers Act is needed for defence preparations. For the production of defence materials we have the Defence Production Act. When it was passed in 1951 I asked the Prime Minister whether or not that act gave the government all the powers it would require if a third world war were in existence. The question and answer are to be found on page 909 of *Hansard* of March 5, 1951, as follows:

Mr. Green: The Prime Minister has said that this bill as presented contains all the powers that would be required in the event of a third world war.

Mr. St. Laurent: I would not want to promise the house that if we ran up against something where the courts said this was not good enough we would not come back to parliament; if we thought it should be done, we would ask parliament to authorize it; but I think the law officers have drawn this in language that should be sufficient to cover all the enabling powers apt to be required.

Therefore for the purpose of defence production, even though we were in a third world war, nothing more would be needed than what is on the statute books in the form of the Defence Production Act.

Then, a day or two ago this house passed the Export and Import Permits Act, which again I suggest is an act which would be sufficiently strong, even though we were in a war. In any event, the Minister of Trade and Commerce, with this Export and Import Permits Act in his hands, has all the powers he requires. He does not need to get any further under the Emergency Powers Act.

The third feature of the act, namely, that it is passed to be effective so long as present efforts to avert war are continuing, leads me to say this. The act was passed in March, 1951. The fighting in Korea ended on July 27, 1953. The men in our forces, even though they are serving in Korea, are now being treated as though they were serving in a peacetime army. They are no longer entitled to the benefits that were available for men who served during the fighting in Korea. Our whole force now is on a peacetime basis. And, Mr. Speaker, if the emergency powers are needed now I wish the Prime Minister would explain when they would not be needed.

If this Emergency Powers Act is to be continued, then it is only too evident that emergency powers are from now on to be the regular thing in Canada, during the whole time that there continues in effect this present policy of remaining strong so that an aggressor will be dissuaded from commencing a war. That policy will probably be in effect for the lifetime of most of the members in this house today. Is parliament to be fettered with an Emergency Powers Act

under present conditions? If so, it is a rather bleak outlook for parliamentary government in Canada.

To come to the powers granted by the Emergency Powers Act, we find that they are contained in section 2 thereof. They are very wide. The section reads as follows:

> The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existing international emergency deem necessary or advisable for the security, defence, peace, order and welfare of Canada; and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:

Then we have a list of these powers specifically covered by the act.

> (a) control and suppression of maps, plans and photographs;
> (b) control of communications and means of communication;
> (c) control of the harbours, ports and territorial waters of Canada and the movements of vessels;
> (d) transportation by land, air or water and the control of the transport of persons and things;—

In other words, all transportation across this country.

> (e) trading, exportation, importation, production and manufacture;—

I ask hon. members how you could have wider power than that.

> —and (f) imposition and recovery, in connection with any scheme of control, of fees or charges payable to the Receiver General of Canada or into any fund or account established by order or regulation for the purposes of the scheme of control.

Then the section goes on to provide as follows:

> All orders and regulations made under or pursuant to authority conferred under this act have the force of law while this act is in force.

That means, Mr. Speaker, that under this act legislation can be made by the cabinet over in the east block, behind closed doors, and can be enacted even while parliament is sitting. The Minister of Transport (Mr. Chevrier) smiles; and he is the right man to smile because, just about eleven months ago he walked into this house and tabled an order in council that under this act had been passed over in the east block with the doors shut and the blinds drawn.

Mr. Chevrier: That is what I was smiling at.

Mr. Fulton: I hope they had the lights on.

Mr. Green: That order in council was passed without any opportunity for debate in this house, without any opportunity for the press of Canada to report a debate to the public and without any opportunity for the public to know anything about it. That same power could be used today. The cabinet at six o'clock could leave this house, go over to the east block and pass legislation under the Emergency Powers Act, and it would be law just as though it had been passed here after debate.

Even with respect to this order in council which was tabled by the Minister of Transport and known as the "control of trade by sea for mainland China and North Korea", P.C. 1953-604, there has been in the intervening eleven months no attempt to place that law in statute form, even though this session it could have been brought in as an amendment to the Canada Shipping Act, and something of that kind should be done. Instead, this order in council, passed under the Emergency Powers Act, remains law today without there ever having been an opportunity for debate in parliament.

When the government did that, of course they were challenged. The following day I moved an amendment to the motion to go into supply and challenged that action. Here was the reaction of one of the senior ministers of the government who was in the house at that time. I refer to the Minister of Trade and Commerce. As reported at page 4197 of *Hansard* of April 21, 1953, he said:

> If we have overstepped our powers, I make no apology for having done so.

That was the attitude then. In effect, these powers are a club in the hands of the government held over parliament, over the Canadian people and over the provinces.

As to the question of the rights of parliament, Mr. Speaker, clearly this Emergency Powers Act forces parliament into a secondary position subservient to the cabinet. It should be fundamental in Canada that parliament is supreme. After all, parliament is the people governing through their representatives under your direction, Mr. Speaker. That should be the foundation of parliamentary government in this country. Parliament should be supreme, debating laws openly, with the right to deal with them in the various stages as they go through this house and then as they go through the Senate, so that the people are able to know the problems, the remedies that are proposed, the objections made to the legislation and, perhaps most important of all, the penalties that are imposed by those laws.

Mr. Speaker, I suggest that this Emergency Powers Act should be repealed. Certainly it should not be extended beyond May 31. Any orders in council that are in existence under the Emergency Powers Act could be changed into statutory form by having them passed in the ordinary way by the house. If when

the members are not here any matter arises which is important enough to require legislation, this parliament can be summoned back quickly, just as was pointed out by the present hon. member for Vancouver South (Mr. Philpott) in the article that I read a few minutes ago. The government always has on the statute books the War Measures Act which can be used in the event of war or apprehended war. I do not believe there is one valid excuse for maintaining this act on the statute books at the present time.

The ministers will note that public opinion has been strongly expressed against the act. Last fall many papers across this country suggested in editorials—

Mr. Croll: In August public opinion was expressed on this act.

Mr. Hodgson: It was expressed on the old age pension stories you were putting out around the country.

Mr. Speaker: Order.

Mr. Green: After the subject had been raised in the house during a debate last November, there appeared in not a few of the Canadian papers editorials suggesting that the time had come to repeal the Emergency Powers Act. I do not believe there was one editorial in the country in favour of having it retained.

This amendment is a challenge to the private members of this house, whether they be on the opposition side or on the government side. If the private members of this house, who, after all, are the ones who should be most concerned about the rights of parliament, see fit to say that this act must go then it will go. The government dare not retain it on the statute books if that attitude is adopted by private members of this house.

The Liberal majority in the last parliament was very docile. Naturally they will not agree, but in my judgment—and this is my fifth parliament—Liberal private members in the last house were far more docile than any other group of Liberals in the other parliaments in which I have served. I hope Liberals in the present parliament will do much better. I believe they will, for government supporters in this house seem to be more open-minded on questions than were Liberal members in the last house. In any event, here is an opportunity for them to show us where they stand. If they believe in the rights of parliament, if they believe parliament must be supreme, then let them take steps to tell their ministers that this act must go.

The Progressive Conservative party stands for the supremacy of parliament. That has been one of our fundamental beliefs down through the years. We believe in parliament being supreme rather than the cabinet, and we believe that only in that way can we have a free parliament in Canada.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, we have just heard a very interesting speech on the merits of the Emergency Powers Act, which is not before the house at this time. We have before us a motion to go into committee of supply, to which there has been moved an amendment which reads as follows:

> this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

It occurs to me, Mr. Speaker, that that is quite an unusual amendment to make on a motion to go into supply. It is an attempt to anticipate something which may or may not happen. The Emergency Powers Act, as everyone knows, is an act of temporary duration which will expire on the 31st of May, unless there is an attempt made to have legislation passed by this parliament to extend it for a further period. If that is done it should be within the powers of parliament at that time to decide whether the act should be extended.

This is an attempt to have that decision made at the present time so that there can be no bill introduced or dealt with by the house to extend the act. That does not seem to me to be required at this time. If we intended to do as the hon. member for Peace River (Mr. Low) seemed to believe would be the right thing to do, namely, to set up the kind of committee which Lord Hewart recommended in his book, from which the hon. member read some very interesting quotations, there might be some point in dealing with it now. But this can have no other effect than to reflect upon what parliament did during another session, because it is a declaration by this house that what was done in this house by another parliament, and which received royal assent, was something that was "repugnant to responsible parliamentary government".

I do not know just exactly what is meant by the words "responsible parliamentary government". I assume the word "government" is used in its widest sense, to include everything that has to be done for the peace, order, and good government of the state through our parliamentary institutions. This amendment in effect proposes that this house declare that what was done is repugnant to responsible parliamentary government. I think that course is objectionable under standing order 41, and that which has been sanctioned by usage both in England and

Canada, namely, in effect, that an hon. member while speaking must not reflect on past acts and proceedings of this house.

There is a way of dealing with legislation which has been passed and which hon. members feel should not have been passed, that is by the introduction of a bill to repeal it, but here is an indirect move designed, I imagine, to put it beyond the powers of this house to deal with that kind of legislation were it introduced during this session.

I believe we are all very happy that in the course of the last few months there has been no occasion when we required the use of these powers, and I believe we will all be very happy if they never have to be used. It may be that between now and the time when it would be necessary to introduce legislation for an extension there will be happenings that will make it quite apparent to everybody that the powers granted under this Emergency Powers Act would not be required, and that they would be merely a standby to ensure that we would be in a position to meet events unlikely to occur. But parliament in its wisdom—and that is how we must regard the result of parliamentary action—decided last session that it was going to make these powers available up to the 31st of May, 1954, and not beyond that date unless the matter were again raised in the meantime.

The hon. member for Vancouver-Quadra (Mr. Green) seems surprised that the Acting Prime Minister (Mr. Howe) said that we had not yet decided whether we would ask parliament to extend that act. Why should there be anything surprising about that? It is something that does not have to be dealt with and does not require to be dealt with until the end of May. The world situation during these troubled years is subject to frequent changes. Why should we make any decision? No one would be happier than members of the government if the situation became such that parliament did not have to be asked to extend the Emergency Powers Act.

Mr. Green: I would like to ask the Prime Minister a question. Does the Prime Minister believe there is any need for the act under present conditions?

Mr. St. Laurent: I do not foresee any immediate occasion or any immediate reason for having to exercise the powers under the act. But when it was passed last year, rightly or wrongly, we felt our responsibility towards the Canadian public was such that it would be desirable to have that act in force, though we expressed the hope that we would not have to use it, and we have not used it. But at that time we felt the situation was such that it was a proper discharge of our responsibility to have the act available. Now it is available and will be available up to the end of May. On more than one occasion we have discussed what should be done about it, but we have refrained from making any decision to ask parliament to extend the act because we hoped that the situation might be such that we would not have to ask parliament to extend it.

In advance of that date why should there be this debate and an attempt to divide the house upon the matter except it be to try to get the same kind of reaction that the hon. member for Vancouver-Quadra was so happy to cite from the writings of a distinguished newspaperman who has since become a member of parliament on this side of the house? Unless this legislation is brought forward for extension it will lapse. That, I assume, would be quite satisfactory to the hon. gentlemen opposite. On the other hand, perhaps it would be a disappointment to them if they found the situation was such that we did not have to ask parliament to renew these powers and they were thus deprived of this bogey, this cry of "wolf, wolf" against the supremacy of parliament and the rule of law.

No one disputes the supremacy of parliament, no one disputes the rule of law, but oppositions always take a different view from that of those who happen to have the responsibility of government at the time as to what is impairment of the rights of parliament. Strong language has been used today. If it ever became necessary for us to sit on the other side of the house I would not be at all surprised if there might be some occasions when we would use just as strong language as is now used by the opposition about these impairments of the rights of parliament. But nevertheless it is a fact in which I think the Canadian parliament and the Canadian people can glory that others than Canadians recognize that there is no country in the world where the practices of constitutional parliamentary institutions are better than they are in Canada, and that in spite of the fact that there have been these constant charges that those who are exercising the responsibility of government are becoming dictators or are resorting to methods that connote Hitlerism or fascism or communism.

There is no Hitlerism, there is no fascism and there is no communism, thank the Lord, in this country of ours. That is one of the reasons why, as the representative of the country, I was received in such a friendly and cordial manner wherever I went. That is why I found such admiration for this growing and developing nation and for the manner in which democracy is practised in this part

of the North American continent. I even heard favourable comparisons being made with respect to democratic practices in the northern half of the North American continent with some of the things which many of our friends to the south of us themselves deplore in the administration of their own system.

That being the situation, there is no application to parliament at this time to pronounce itself in favour of extension of the Emergency Powers Act. There is no necessity of making a formal decision at this time, and in spite of the charge that it may be docility on the part of members who were elected to support this government, I invite them to vote against the amendment because if they were to vote for it they would be doing something not required at this time, something which may never be required, namely, to make up their minds whether or not there are sufficient reasons to justify the extension of the life of that act.

Mr. Knowles: Would the Prime Minister permit a question before he concludes with that point? I ask him to appreciate that I am seeking information. Can he tell us whether the order in council which we sometimes refer to as the secret order in council, and which was passed under the authority of the Emergency Powers Act, is still in existence?

Mr. St. Laurent: It is.

Mr. Knowles: That being the case, what would happen to it if the Emergency Powers Act were allowed to lapse on the 31st of May?

Mr. St. Laurent: It would disappear; it would lapse. It may be that it will be possible to allow it to lapse and that there will be other provisions under which what this order in council wards against can be taken care of.

Mr. Knowles: If any such other provisions are adopted in connection with that secret order in council, would there be a report to parliament that another basis had been found for it?

Mr. St. Laurent: There would not be another order in council required. It may be that in dealing with the Criminal Code and in dealing with the Official Secrets Act there will be sufficient safeguards against that which is warded against by the secret order in council to make an order in council unnecessary. It would not be something that would have to be specially dealt with by order in council having the effect of law.

Mr. Knowles: In other words, it might die without—

[Mr. St. Laurent.]

Mr. St. Laurent: It would be a safeguard existing through the operation of the statute itself.

Mr. Knowles: In other words the order in council itself—

Some hon. Members: No.

Mr. St. Laurent: Will you permit me? I should like to hear the hon. gentleman.

Mr. Knowles: The order in council might die without our ever having known what it was about.

Mr. St. Laurent: Yes, and I do not think that would be an infringement upon the supremacy of parliament or upon the rule of law. It was something which we felt was a necessary precaution, and if we can find legislation adopted by parliament sufficiently specific to ward against the danger which it was attempted to ward against by the order in council, then the order in council would appear unnecessary. It would certainly expire if the Emergency Powers Act itself expired because there is no other foundation for it to rest upon but the authority given by parliament to do so. If that authority lapses, it will lapse at the same time.

The situation is changing. An international conference is to be held with respect to which some hopes are entertained that it may bring about some easing of existing tensions. I refer to the Geneva conference to commence, I think, on the 26th of April. That is well before the 31st of May. On the other hand situations might arise out of the discussions of the Geneva conference which would appear to be quite otherwise. Although the hon. member for Vancouver-Quadra said that the fighting ceased on the 27th of July, it must not be forgotten that that is only a cease-fire.

Mr. Green: The troops were put on a peacetime basis.

Mr. St. Laurent: They were put on a peacetime basis, and I think the hon. member hopes, as I hope, that they will never be put on any other basis. But it is only a cease-fire. That has to be followed by something. I saw the very strong lines that have been provided in Korea, and I said the other day that the best intelligence our people had was that on neither side were offensives being prepared. But it would not be reasonable to anticipate that armies are going to stand there in these impregnable lines facing each other forever. There is going to be some solution some day to the stalemate represented by these two defence lines.

These are matters which will be dealt with in due course here. There is a provision in standing orders, Mr. Speaker, which does

not directly apply, but it does indicate the principle which should be applied when government business is being dealt with. It appertains to the government to decide in what order and at what time it will be dealt with.

This is an effort by the opposition to have something that is government business decided weeks and weeks in advance of the time when the government itself feels that it should be decided. If this house adopted the motion, then there is the principle that the same question cannot be again submitted at the same session. Citation 304 of Beauchesne's second edition reads:

> It is a wholesome restraint upon members to prevent them from reviving a debate already concluded; and it would be little use in preventing the same question from being offered twice in the same session if, without being offered, its merits might be discussed again and again.

If a bill to extend the emergency powers were offered, either Your Honour would rule that we could not answer the arguments made against that kind of bill this afternoon by the hon. member for Vancouver-Quadra (Mr. Green) or Your Honour would rule that the same question could be debated twice during the same session.

There is a general rule that deals with amendments that can be made to the motion to go into supply, and it says in part:

> . . . provided that the discussion and the amendment, if one is moved, shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

There is an indication that that principle should apply to this motion. There was no notice required on the order paper to make it abundantly clear that the Emergency Powers Act could not live beyond May 31, 1954, unless legislation were introduced to carry that out. I think it would be in accord with the general principles of the rules that no decision should be taken on this matter today. Should the general rules be too general to allow Your Honour to rule on this amendment, I think that the supporters of the government should wait to express their opinion as to whether the Emergency Powers Act should be extended until the government comes to the house with the reasons why it should be extended.

The government will not come to the house unless it has reason to feel it would not be discharging its responsibilities to the Canadian public without the act. I invite our followers in the house to withhold their judgment upon the sufficiency or insufficiency of the reasons, if reasons are brought forward, until those reasons are brought forward.

Mr. Speaker: With regard to the citations the Prime Minister (Mr. St. Laurent) has read to the house I wanted to say that, as I heard the Leader of the Opposition (Mr. Drew) speaking about existing legislation on the motion to go into supply, I thought that perhaps it was not the type of grievance that is customarily put before the house on the motion to go into supply.

Mr. Fulton: Will you hear argument?

Mr. Speaker: I am not going to make a ruling at the moment, I just want to deal with the procedure. I looked at the citations having to do with these amendments that are moved on the motion to go into supply. If hon. members look at citation 345 and then at citation 467 of Beauchesne's third edition, they will find that wide scope is given to amendments moved to the motion to go into supply.

At one point citation 467 says that amendments can be moved and it shall be permissible—I am not quoting verbatim—to discuss any public matter within the powers of the federal parliament. Then it says:

> . . . provided that the discussion and the amendment, if one is moved, shall not relate to any decision of the house during the current session, nor to any item of the estimates, nor to any resolution to be proposed to the committee of ways and means, nor to any matter placed on or whereof notice has been given in the order paper.

I could not see how the matter being discussed at the moment was one which fell within the restrictions of citation 467 or 345. The Prime Minister has drawn my attention to a citation in Beauchesne's second edition, which in the third edition is citation 246. It says:

> Besides the prohibitions contained in standing order 41, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
>
> (k) reflect upon the past acts and proceedings of the house;

The last few words of standing order 41 read:

> No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

Now, if hon. members look at citation 246(k), they will see that this language is probably a summary of citation 244, which says:

> A member may not speak against or reflect upon any determination of the house, unless he intends to conclude with a motion for rescinding it.

In my opinion the "past acts" referred to in citation 246(k) mean past acts in the same

session. I do not think we ought to rule out of order a declaration of principle embodied in an amendment to a motion to go into supply, because of the wide scope offered for such amendments; I do not think we ought to say that, because of this citation, members cannot criticize acts passed in previous sessions. The whole spirit of our rules pertaining to bills or motions which are not to be offered twice refers to the same session.

I might perhaps refer hon. members to May's Parliamentary Practice, the twelfth edition, at page 267, where it deals with the same question. It deals with this citation, which in Beauchesne's is the same in substance, and comes from May or Bourinot. It goes on to say how difficult it is for a member who wants to discuss the past action of a parliament in the same session to move a motion to rescind it because there has to be a new question put before the house. It is said that the house has even resorted to prorogation in order to rescind a decision made in the same session.

I submit that if hon. members look at the authorities they will see that a session of parliament is assembled by the summons of Her Majesty and continues until prorogation. In my opinion the limitation is to a debate taking place twice in the same session. I think that paragraph (k) of citation 246 refers to a debate in the same session.

Now, I was trying to see if there were any words in the amendment which perhaps might be offensive. I looked up the definition of the word "repugnant" and I find in the Oxford dictionary, which is on the table, that the word is defined as meaning "contradictory, incompatible with, refractory, resisting, distasteful". If we were to decide that "distasteful" is the proper definition of the word repugnant, then I should think hon. members would want to modify the expression. But if it means incompatible with responsible parliamentary government, which I think is the meaning, while in the ordinary sense it is considered a bit strong, I believe, upon looking at the definition, that we should not have such thin skins as to say that the word should be prohibited or, under our rules, eliminated.

I do not want to make a ruling at this moment. I have given my thoughts in the matter—perhaps given them too quickly—but, at first sight, looking over the authorities, that is my reaction. I promise hon. members that I will study the point further, and if I find any reason for changing my mind I shall communicate it to the house.

Mr. Elmore Philpott (Vancouver South): Mr. Speaker, I rise on a question of privilege. I understand this afternoon when I was on the front lawn of the parliament buildings trying to count how many daffodils are pushing their way up through the snow, the hon. member for Vancouver-Quadra (Mr. Green) referred to a newspaper article I wrote about a year ago. I do not know whether that was the first best or the second best article I wrote on that particular subject a year ago, but I am sure the hon. member would not want to leave with the house any misapprehension.

I wrote two articles about a year ago concerning the Emergency Powers Act.

Mr. Green: Mr. Speaker, I hesitate to interrupt the hon. member but—

Mr. Speaker: Order. The hon. member for Vancouver South (Mr. Philpott) has just come into the house, and is rising on what is called a question of privilege. Hon. members generally do that either immediately after or while a speech is being made. In this instance I understand the hon. member for Vancouver South was not in the house.

He may do one of two things: If he knows what has been said he may explain the position briefly, without adding anything other than that required to make his position clear; or he may wait until he has an opportunity to take part in the debate, at which time he would be entitled to discuss fully the point brought before the house. But I do not think that at this time he can add anything that would not be considered necessary to making his position clear.

Mr. Philpott: Thank you, Mr. Speaker, I shall take my two minutes now. The addendum to the article which I understand the hon. member read this afternoon was to the effect that we needed the Emergency Powers Act last year, during the period when we had no parliament to call in an emergency session. And of course I still stand by that position. So, in answer to my hon. friend's query, he does not need to be in any doubt about how I shall vote tonight. I shall vote with the government. If for any reason the emergency powers were to be prolonged beyond that period, without justification, then naturally I would vote against the government. But tonight I shall vote against the opposition because it seems to me this is a vexatious move.

Mr. J. M. Macdonnell (Greenwood): Mr. Speaker, I am very glad of the ruling you gave because, so far as I can make out, the real difficulty is that the opposition is coming in too close and is making suggestions which are somewhat embarrassing to the government. Perhaps unintentionally the Prime Minister (Mr. St. Laurent) gave me a good deal of hope this afternoon that actually what we are asking is going to happen. And also he gave me a certain feeling of satisfaction

that although we did not succeed a year ago in having this legislation turned back, nevertheless we may have succeeded better than we knew in not having it used. Because we now find that the government saw fit not to use it at all during the year just past. To that extent I think we may be entitled to congratulate ourselves.

When we examine further into the use of this statute, and look back to the orders in council which were passed, the strange thing is that a great many of them seem to have very little to do with the actual reasons for which we understood the statute was passed. On that point I shall have something more to say after the dinner recess.

At the moment however I should like to go back to a year ago and to say a word or two about what the Prime Minister has said as to the inappropriateness of the resolution, inappropriate because the government has not yet declared its mind. I noticed carefully what he said to members of his own party.

I would ask him to go back to a year ago, and consider what happened. At that time, for the first time—I think almost for the first time—we felt that there was throughout the country some indication that people were becoming interested in this question of undue government power. The hon. member who has just spoken on a question of privilege, and who is going to vote with the government tonight, was one who did come out and express views in which he questioned seriously what was going on.

This year, with the legislation having still some months to run, we have been bold enough to seek to arouse public opinion and to influence the government, while there is still time. I suppose if we had been good little boys we would have waited, and would have done nothing until the government reached its decision. Then, in theory, we would have been able to put forward our arguments and if those arguments had been good enough, the government would have adopted them. I am a modest man, Mr. Speaker, and I, frankly, do not ever expect to be able to make arguments good enough so that, when the government has brought in legislation and has shown its hand, it will be persuaded by those arguments to change its procedure. Neither do I expect to live long enough to see members on the government side rise up and smite the government. That is something which, in the best of all possible worlds, might happen, but I do not believe it will happen in this world, or in this parliament.

Mr. Fulton: We will go on winning all the debates but losing all the votes.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Mr. Speaker: Order. During the recess I examined the point that was brought up prior to six o'clock and I want immediately to refer hon. members again to citation 246, paragraph (k), Beauchesne's third edition, which reads:

> Besides the prohibitions contained in standing order 41, it has been sanctioned by usage both in England and in Canada, that a member, while speaking, must not:
> (k) reflect upon the past acts and proceedings of the house.

I gave it as my opinion that past acts did not refer to any other act but those which had been previously passed in the same session. It appears from reading the various authorities on the subject that it may not be right that it refers only to the acts passed in the same session but also to previous acts passed in other sessions. I should like hon. members to listen to a paragraph which is found on page 194 under the chapter "Rules of Debate" in a book published by Sir Gilbert Campion in 1950. There they will find paragraph 5 which reads:

> This rule applies also to insulting language against a statute as the work of parliament.

This question and others to follow are all linked to the language contained in our standing order 41, which has to do with offensive and disrespectful language. The exact meaning of the word "act" in all these citations is somewhat difficult to establish.

In May's fifteenth edition at page 436 you find under the heading "Words against Parliament, or either House" a subparagraph entitled "Against a statute" and the following:

> Disrespectful or abusive mention of a statute would seem to be partly open to the same objections as improper language applied to parliament itself; for it imputes discredit to the legislature which passed it, and has a tendency to bring the law into contempt; though the necessity of the repeal of a law justifies, as an argument for that course, its condemnation in debate. A statement that the enactment of a law may justify an appeal to force is not within the cognizance of the chair.

I am now going back in the years because, as hon. members know, our standing order 41 dates back to 1867, and we have inherited it from similar standing orders which existed under previous parliaments in Canada and in England. In Bourinot's fourth edition, which was published in 1916, I find the following: "Rules for the preservation of order.—Parliamentary and Unparliamentary Expressions in Debate," and at page 361:

> (x) or to reflect upon, argue against or in any manner call in question, the past acts and proceedings of the house.

If "past acts" mean a statute which is in force and has been adopted by a previous parliament at a previous session, Bourinot would certainly not like to see us discuss at this moment the powers in the Emergency Powers Act because he says:

> Or to reflect upon, argue against or in any manner call in question, the past acts and proceedings of the house.

In Bourinot's third edition, which was published in 1903, I find at page 482:

> Or to reflect upon, argue against or in any manner call in question, the past acts and proceedings of the house.

Then in Cushing, which was published in 1874, I find at page 672, citation 1740, which reads as follows:

> It is irregular to reflect upon, argue against, or in any manner call in question, in debate, the past acts or proceedings of the house, on the obvious ground, that, besides tending to revive discussion upon questions which have already been once decided, such reflections are uncourteous to the house, and irregular in principle, inasmuch as the member is himself included in and bound by a vote agreed to by a majority; and it seems that reflecting upon or questioning the acts of the "majority" is equivalent to reflecting upon the house.

Hon. members would judge that in this citation he is referring to a vote previously made in the same session. I am at a loss to decide exactly what is meant by "past acts". It looks as if generally the latter part of our standing order 41 is to the effect that if one wants to criticize an existing statute he must propose a motion to rescind a decision which has been previously made. It looks as if that is the sense of it.

What I should like to submit to the attention of hon. members at this time is the following: If one wants to argue against a statute, what is the objection to his proposing a bill to repeal that statute? Why does he have to take recourse to an amendment to the motion to go into supply? I looked at precedents. By the way, it certainly does not involve any expenditure of money to propose a repeal of a statute. I find that in 1936 the hon. member for Temiscouata (Mr. Pouliot) proposed a bill to repeal an act to establish an economic council, which had been passed by a previous parliament. It appears at page 436 of *Hansard*, volume I. The hon. member asked for leave to introduce a bill, which was agreed to. Hon. members will find at page 578 that the motion was agreed to and the bill read a third time and passed.

The question before us at the moment is: Should we consider it a grievance and delay the examination of supply to move as an amendment to that motion what is tantamount to a repeal of an act? It seems to me that this amendment, to be scrupulously in order, should be modified to read: "That the administration of the powers granted to the governor in council under the Emergency Powers Act is repugnant to responsible parliamentary government." I should like to submit this because I think we all want to respect the traditional rules of order in debate. I should like to submit to hon. members that in whatever we do we should always follow the best course, and the best course in this instance, it seems to me, is not to move an amendment to the motion that the Speaker do now leave the chair, but rather to present a bill to repeal the Emergency Powers Act, which could be done.

I do not want to add more to what I have just said. I just leave it to hon. members. The question in itself is one that is extremely difficult to deal with. I simply would not wish on this occasion to establish a precedent whereby, on a motion to go into supply, hon. members would propose an attack against a piece of legislation, something which they could do better by moving its repeal; that is, if we are to be guided by what is stated in our standing order 41, which reads in part as follows:

> No member may reflect upon any vote of the house, except for the purpose of moving that such vote be rescinded.

We have always taken this rule to mean a vote in the same session. As I have said, there are doubts as to whether it is limited to votes in the same session. Then it has been seen that one cannot argue against or in any manner call into question a statute which is law because in doing so it imputes discredit to parliament. I submit these points to hon. members. Speaking for myself, I would prefer it if this amendment were to read:

> This house desires to record its opinion that the administration of the powers granted to the governor in council under the Emergency Powers Act is repugnant to responsible parliamentary government.

There I would say it is a grievance that is complained of; you are complaining about the administration of the act. But to say that the powers granted to the governor in council are repugnant to responsible parliamentary government is, I think, to attack the principle of the Emergency Powers Act. It is a matter of attacking a statute or an existing law. If hon. members want to attack that act properly, I think they should do so by means of a motion to repeal the Emergency Powers Act.

I do not at this point wish to initiate a long debate on procedure. As I have indicated, the point is a difficult and complicated one. I do not wish to rule on the matter. I am simply asking those who have moved the

amendment to consider perhaps a rephrasing of their amendment. If they feel that they do not want to be as scrupulous as I would like to be at the moment, I am just going to let the matter rest and not deal with it any further.

The Prime Minister (Mr. St. Laurent) earlier in the day dealt with standing order 17, subparagraph 2 of which reads as follows:

> Whenever government business has precedence, government orders may be called in such sequence as the government may think fit.

I think this standing order applies to the business that is on the order paper rather than to business that has not yet been placed on it. I think that is rather the meaning of that standing order.

Mr. St. Laurent: Mr. Speaker, I did not submit rule 17 as being directly applicable. I submitted it only as an indication of a general theory that government business should be dealt with in the order in which the government saw fit to put it before the house. You will have noticed that I concluded by saying that if Your Honour felt that the rules were in too general terms to make it necessary for you to declare this motion out of order, I would ask our followers to vote it down.

Mr. Speaker: The other point about which I am concerned is this. Once debate on this amendment which relates to the Emergency Powers Act has been concluded, if later a continuation in force of the Emergency Powers Act is proposed, hon. members will then be up against a standing order which says that one should not indulge in repetition. Of course, we cannot anticipate points of order. We shall have to deal with that matter when we reach it. However, hon. members can see what my difficulty will be at that moment.

If we carry on this debate, which offers such a wide scope, and review the Emergency Powers Act in all its ramifications, then suppose, before the session ends—and I should like students of procedure to examine that point, not discuss it now; I just submit it—that legislation is submitted to the house, what will I do if someone rises on a point of order and says that the argument the hon. member is presenting is one which we heard on the motion to go into supply, on such-and-such a date, and he is therefore repeating his argument.

Mr. Knowles: Mr. Speaker, I wonder if you would permit a question at that point? I wonder if that would not make it necessary for Your Honour to look at the records of last session when we had two debates on emergency powers, the first one on the bill to extend the Emergency Powers Act and the second one on an amendment to the motion to go into supply which was moved by the official opposition with respect to the exercise of the powers under that act. I suggest that last session we had the same two debates that Your Honour anticipates is possible this session, only they were in the reverse order.

Mr. Speaker: The fact that we had two debates last year does not necessarily mean that we must indulge in the practice of having two debates on the same question this session.

Mr. Fulton: Mr. Speaker, I think we can probably settle this matter quite shortly tonight in keeping with the course that you have indicated we should follow and that is not to enter into a long debate on procedure. Instead of rephrasing the amendment in exactly the terms which you have suggested, I wonder whether Your Honour would consider it would be satisfactory and would accomplish the purpose you had in mind if we rephrased it so that it would read:

> This house desires to record its opinion that the exercise of the powers granted to the governor in council under the Emergency Powers Act is repugnant to responsible parliamentary government.

It is a small modification of Your Honour's suggested wording.

Mr. Speaker: Since the hon. member is in such a co-operative mood,—

Mr. Pouliot: He has no power of attorney.

Mr. Speaker: —may I suggest to him that instead of the word "repugnant" he use the words "incompatible with"?

Mr. Fulton: Quite.

Mr. Speaker: Does the hon. member agree to that suggestion?

Mr. Fulton: Yes, indeed.

Mr. MacInnis: Mr. Speaker, I wish to raise a point of order as to the changing of an amendment once the amendment has become the property of the house. If you had not read the amendment to the house, Mr. Speaker, but had drawn to the attention of the movers of the amendment that you thought that, in its present wording, it was out of order, in my opinion that would have been your prerogative and your right and then they could amend it if they so wished. But once the amendment is read by you, Mr. Speaker, it becomes the property of the house and it cannot be amended without the consent of the house. I wish to draw to your attention that point which I think is a valid one.

Mr. Speaker: The hon. member is quite right.

Mr. Fulton: Perhaps we could request the consent of the house.

Mr. Speaker: Once I have made my observations on the question of rules and have asked those who are responsible for the amendment to consider changing certain words and once they have agreed, I must of course ask the house if they will agree to the change. If the hon. member objects, it cannot be done. He is quite right in that regard. But when we are trying to avoid declaring amendments out of order and instead to compose the various difficulties which may surround a point, I do not see why hon. members would not agree to the minor changes which are being suggested.

Mr. Pouliot: Mr. Speaker, before giving my consent to the change I should like to know what was the meaning of the word "repugnant" used by the Leader of the Opposition (Mr. Drew). That word has two meanings, a bad one and a philosophical one.

Mr. Speaker: Order. I have made my comments and I have suggested certain changes in the amendment to make it more in accordance with the spirit of our rules. The opposition has agreed to change it so that it reads:

> this house desires to record its opinion that the exercise of the powers granted to the governor in council under the Emergency Powers Act is incompatible with responsible parliamentary government.

That is the suggestion. Do hon. members agree to this amendment being changed in the manner I have indicated?

Some hon. Members: Agreed.

Mr. Goode: Mr. Speaker, I cannot agree.

Mr. Speaker: If the hon. member does not agree then the amendment will remain as it is.

Mr. Macdonnell: Mr. Speaker, if the things to which we took exception were always brought forward by unpleasant men it would be so much easier always to do the right thing and turn thumbs down on them. If the Prime Minister (Mr. St. Laurent) was only an unpleasant bully, instead of a pleasant gentleman, it would be very much easier to argue against this measure. But I wish to stress the fact that we should not be led away merely because we think at the present time that the administration of this measure is in the hands of people who will treat it, as far as they can, with discretion.

I shall have occasion later on to quote from a speech by the hon. member for Vancouver South (Mr. Philpott) and I hope what I shall quote will be treated more sympathetically than the quotation made by the hon. member for Vancouver-Quadra (Mr. Green). The quotation will be relevant and it will stress the fact that we should look at the relevant principle and not merely consider personalities.

I was very surprised at some of the words used by the Prime Minister this afternoon because it seemed to me that he was relegating the opposition to a position where we hardly counted in this house at all. One of the remarks the Prime Minister used in criticizing the resolution was that it was an attempt "to anticipate something which may or may not happen". I believe that is true. But I would suggest, with deference to the Prime Minister, that that is true of an extraordinarily large number of things we have to do in this life. In a very large number of cases we have to exercise discretion on something which may or may not happen.

Another remark by the Prime Minister which struck me very forcibly was this: "It may be that between now and the time when it would be necessary to introduce legislation there may be happenings which will make it clear to everybody that the power granted under this Emergency Powers Act would not be required." That, I believe, is very true and I think it is perhaps the greatest justification of all for the opposition to seek to intervene now, through a valid expression of grievance, to bring public opinion to the point where it will not wish to have this act on the statute books any longer. In other words, I hope that what we are doing today may be one of the happenings which will make it clear to everybody that the powers granted under this act will not be required.

The Prime Minister has suggested that the fact that the act was not used should be an endorsement of the sincerity of the government in this matter. I believe in a certain sense that that is true, but on the other hand it is an equally good argument that the act is not required at all. That is the argument I wish to put forward.

The third remark by the Prime Minister, to which I wish to refer, is this: "It appertains to the government to decide in what year and at what time it"—that is government business —"will be dealt with." That, I believe, is an unassailable proposition, but if the inference from that is that until that time the opposition must just wait and see, that we should not take the initiative, then I doubt if this proposition would be supported by the Prime Minister to the end. There was a famous British statesman who got into considerable difficulty because he practised the slogan of "wait and see". At least, he was accused of doing so. I can see no reason whatever why

we should do so, nor can I see any reason why we should not press this resolution which reads:

> this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

That being our view, I suggest that it is not only our right but our duty to try to make that view prevail. Surely one of the chief duties of an opposition is to try to make the public stop, look and listen. We do not succeed in that as often as we would like, but we have occasional successes which help us on our way. We certainly cannot achieve any success unless we are able to try to attract public opinion to our standard.

I would like in that connection to quote from an authority for whom, in one respect, I have the highest admiration, because he is a professor at Queen's University. The only qualification I have in my respect for him is that he is a little unsound politically; I mean that he follows the Liberal standard. But I would like to read what he has to say and I hope it will commend itself to the gentlemen across the floor. I hope they will agree with me that the remarks I am about to quote fully endorse my view as to the duties of an opposition. I am quoting from page 108 of Professor J. A. Corry's "Democratic Government and Politics". He says:

> —there are always two or more sides to a story and the majority party has not heard all of the other side until the opposition has had its say. Concession to the arguments of the opposition follows oftener than is generally believed.

I would like to believe that. I think perhaps he is a little bit enthusiastic there, but at any rate I think we should always assume not only that what we say will be listened to with courtesy, but that it will be weighed; and even though we do not succeed as often as we would like, nevertheless what we do say does have an effect. The quotation continues:

> The public, despite its disillusionment, gets from the dramatic clash of parliamentary debate a grasp of the great issues of public policy which it cannot get in any other way until much larger resources are thrown into political education.

I believe the following is very important:

> Finally, the new laws made each year are only a tiny fraction of the old ones which are being administered day by day. Oppressive, wasteful, or neglectful administration will be a black mark against the party which presently controls the executive power if its behaviour can be given wide publicity.

I suggest that what Professor Corry outlines there covers fully the task we are seeking to discharge today, namely, to come to the House of Commons in the hope that public opinion is moving, in the hope that before long it will have moved to the point where, as the Prime Minister said, it may not be necessary—which in other words means the government will come to the conclusion it will not be necessary—to continue this legislation. I hope the fact that we have debated this today may have a very definite impact upon the government's attitude in this matter. If it has, then I think we shall have discharged our duty as an opposition successfully; and if it has not we shall have discharged our duty as an opposition not so successfully.

I want to read very briefly from the act itself just to remind people of the breadth of the authority. I think we all have to recognize that we have got used to the exercise of wide powers. There is a great danger that we in the opposition get far too used to it. I am quite certain that such powers must be very tempting indeed to any government because I am quite sure that busy ministers must find discussions in the House of Commons often very tiresome. They must often regard them as perilously near a waste of time. They would hardly be human if they did not feel they had an unusual allotment of wisdom, and so I think it is almost too much to expect that they will be always on the alert to cut down their own powers. I would think it would be unfair. I hope I never find myself, as a member of the opposition, suggesting that it is fair to expect members of the government to cut down their own powers. Therefore we are the only people who can bring the importance of their being cut down to their attention, always in the hope that we may have an effect, sometimes when we least expect it. But I do want to read one recital from the act which is as follows:

> And whereas it is essential that emergency powers be conferred to enable measures to be taken as urgently required from time to time to carry out adequate defence preparations, to regulate the economy of Canada to meet the needs of defence . . .

Having just read those words, I find it extremely difficult, Mr. Speaker, to understand why some of the orders in council passed since 1951 needed to be passed. They do not seem to me to be terribly emergent. I will make reference to one or two of them, and I would have thought they were passed not because there was a great emergency, other than to save the time and effort of the ministers, but because it was a very nice convenient way of dealing with the matter through this act rather than through what I suggest was the relevant act, which would have had to be brought back into the House of Commons and debated, with a resolution and three readings and all the rights of the minority, which are so precious to the

minority and so important to our constitution but which I am equally sure sometimes become a little tiresome to government.

I find that an order in council was passed on December 6, 1951 exempting from customs duties personal gifts of a value not exceeding $25 from members of the Canadian forces serving abroad and addressed to relatives or friends in Canada. It does seem to me that the proper place to have done that was not under the Emergency Powers Act but under the relevant act, which I suppose is the Customs Act. I find one or two other cases. Here is one dealing with the licensing of pilots under the Aeronautics Act. I would have thought the Aeronautics Act might have been wide enough to deal with that. I find an order in council extending the provisions of the Defence Services Pension Act, and so on.

I suggest that those are instances of what happens when you get powers nicely concentrated with such broad words that, as the lawyers say, you can do almost anything except make a man a woman or a woman a man. I suggest that such powers are not desirable except in times of great emergency. Nobody denies that we are living in a world which is not free from some emergency and if there were no other way, if there were no other power available I might find it much more difficult to argue against this measure and to say what I am saying. But of course we are all aware of the War Measures Act. We are all aware that power can be invoked but that it is suggested that to do so would perhaps create a condition of alarm which would be undesirable. That, at any rate, is the argument that has been put forward.

I referred to the fact that a year ago we sought to have this act not renewed. At that time we were given various reasons, some worse than others. When the Minister of Justice (Mr. Garson) asked us to be content because any orders in council passed would subsequently be tabled and we would then have every chance to have them abrogated if we wished, I thought he was attributing to us powers which we really do not seem to have because, as I said before the dinner recess, I cannot remember cases where, after the government has taken action in that way, they have been prepared to recede. I should think it extremely unlikely that I or anyone else in the house will live to see that.

Of course the great objection to orders in council, as has been said so many times, is that there is no publicity. No one knows in advance what is going on. After the event we are faced with publicity, yes, so that we know what has been going on, but I think no one who looks at things in a matter of fact way will expect that it will be possible for us even to have such matters seriously debated. I think that would be far too much to expect.

We are asked to regard this power as something about which no one really needs to get very worried. The Prime Minister has told us that during his journey he found that a good many countries regarded our political enlightenment and our state of freedom with admiration. I can quite believe that. Of course one would need to know more about the state of the countries themselves. It may be it was not a very great compliment. But on the other hand no one is going to deny that we in this country do not live in a state of oppression or anything of that kind. But we come back to the fact that when legislation is left on the statute books which contains such great powers these powers may be quite innocuous in ordinary times and may be left there because nobody thinks it worth while to try to dispose of them, but we all know that in countries where freedom has been lost it was lost because people grew careless and because they did not take the trouble in more quiet times to see that such legislation was kept down to the minimum.

I want to refer briefly to a writer who has written something about the state of affairs in the United Kingdom. I always feel that the United Kingdom, with its centuries of common tradition, with its homogeneous population, with its traditions of freedom, with all the safeguards it has against loss of freedom, has an enviable position, and when I find that serious people in the United Kingdom are warning against the very same thing we are trying to warn against then I think it is well worth while to stop, look and listen. I propose to put a very short quotation on the record from a book I have in my hand entitled "The Passing of Parliament", the author being Professor Keeton, professor of English law at University College, London. I want to read briefly from page 199 of his book. In a way these are strange words coming from a serious Englishman, and I read them with surprise. I think we should take them seriously and I think they point a wise course for ourselves. He says:

> The problem which therefore faces all peoples which are still attached to the democratic way of life is to find some means of curbing the power of the executive, and preventing it from usurping the entire functions of government. The nineteenth century assumption that this would be achieved by successive extensions of the franchise has proved completely fallacious.

I do not think a single man in this house would challenge that statement, the idea that by a mere extension of the franchise we were going to increase and make more strict the

public control over the executive. I do not believe anyone adheres to that idea today. I continue to quote from Keeton:

> The executive, as it has ventured to interfere increasingly with the lives of its subjects, has at the same time taken care to ensure that its servants and dependents (including the state-monopolies) are removed from the sphere of popular control. Its techniques grow ever more audacious. Today, in Britain, it is not only that wide powers of legislation, in fact if not in theory immune from parliamentary control, have been granted to the departments. In addition, these powers in turn are habitually delegated by the departments to its own agents.

As I had occasion the other afternoon to point out when we had the export-import bill before us, the definition of "minister" included, as I recall it, anyone to whom he delegated the power.

> Instances of sub-delegation to the fourth and fifth degree are not uncommon. In addition, the case of Earl Fitzwilliam's Wentworth Estates Co. *v.* Minister of Town and Country Planning illustrates how what has been called departmental quasi-legislation by circulars and explanatory memoranda, can acquire compulsive force.

I just want to add one more citation from page 201.

> It is plain, therefore, that we are already approaching the dangerous half-light in which the boundaries of what is legal and what is not are barely perceptible.

I just want to go back for a moment, Mr. Speaker, to say that although we are assured there will be no trespassing on the powers given, I suggest that those orders in council to which I made specific reference were never intended to come under this act. They should have been dealt with under the relevant acts concerned. This just shows us how broad powers, which are such an easy method by which to do business, will be used more and more freely as time goes on.

As I tried to show a while ago, Mr. Speaker, I think one of the main duties of the opposition is to get the public to stop, look, and listen, and we try to make the public in this case believe that when we say this legislation is incompatible with responsible parliamentary government, we are saying what is true. We must hope that the public will come to our aid when we say there is no need for this kind of legislation. You can reach the necessary results in other ways. There is no need for leaving on the statute books legislation that it is quite clear is not necessary. I know the argument which has been used that standby legislation is good; that it is often useful to have a club behind your back. I do not think that is a sound argument for legislation. I hope that argument will not be made in this debate, although it has been made in this house. I can quite see that at times it might be convenient, but I believe it to be one of the most unsound reasons for legislation and one which we should regard with the greatest possible suspicion.

There is one other thing I want to mention, and this is where I can read from an article written by the hon. member for Vancouver South which appeared in the Vancouver *Sun* on February 19, 1953. I quoted from this article when I spoke on this subject a year ago, and welcomed the statement which had been made by the present member for Vancouver South. I quoted him with considerable satisfaction. I hope he is not going to let me down in what I am going to quote now. He says this, as it appeared at page 3309 of *Hansard* for March 26, 1953:

> It is no doubt true that there will be no serious abuse of the emergency powers, if they are granted for another year. But it is worth remembering that neither this Prime Minister nor this government will last forever.

That is quite an admission from a member sitting on the opposite benches. I suppose he would never have said that if he had been a Liberal member at the time. Then he goes on:

> Nobody knows who will head our government a year hence. A bad principle is a bad principle—and this is a very bad principle. A bad precedent is a bad precedent—and this is a very bad precedent.

Those words seemed to me to be wise a year ago, and I imagine that a year ago they seemed to be wise to him. I hope he will say nothing to undermine them in any way.

Now, Mr. Speaker, for myself I am glad this subject has been brought up. I only wish we had loud speakers loud enough so we could din this into the ear of every voter. I recall that a year ago this measure produced a phenomenon which has almost never happened in this house, and that is that two members sitting on the government benches voted against the government. It reminds me of a very interesting comment on our house that was made the other day by an observer temporarily here from England. He said one thing that interested me greatly. He had this comment to make about the government party. As I am going to tell in some detail what he said about the government, I perhaps had better be frank enough to say that what he said about the opposition was not entirely to my liking, either.

About the government, he said something that goes to the very root of parliamentary government. He said that if in the British house you had a majority such as you have in your house there would be all kinds of little ginger groups, all kinds of people with views of their own that they wanted to express. You could not possibly discipline them as well as they are disciplined in your house.

I mention that just to conclude with the hope that, as a year ago when this measure was before us there were members on the government side who voted with us, possibly that phenomenon may happen again because it seems to me it would be a healthy and wholesome thing to happen in this house.

Mr. Jean-François Pouliot (Temiscouata): This matter, Mr. Speaker, is very easy to understand. The Emergency Powers Act will cease to exist on May 31 next unless it is renewed in the meantime. Those are the facts. What surprised me very much was that the first motion sponsored by the Leader of the Opposition (Mr. Drew) after the renewal of confidence that has been given to him by his supporters was this very motion which is untimely, in fact it is premature, uncalled for and futile.

What surprised me more than that was that it was supported by my very good friend, the hon. member for Vancouver-Quadra (Mr. Green), who was one of two Conservative members of parliament at the time who accompanied their former leader, Lord Bennett, to the union station. He had tears in his eyes. My hon. friend will remember that he was accompanied at the station by the late Dave Spence. They were the only two there; and poor Mr. Bennett had tears in his eyes, thinking that Dufferin-Simcoe was not there, Dufferin-Simcoe whom he had created a privy councillor.

Mr. Speaker: Order. I do not think that the fact that someone was accompanied by hon. members at the union station has much relevancy to the amendment now before the house. And, further, the hon. member should refer to another member by calling him "the hon. member for Dufferin-Simcoe" and not simply "Dufferin-Simcoe".

Mr. Green: On a question of privilege; I am sure my good friend, the hon. member for Temiscouata, would not wish to be in error. Actually there were three of us who saw Mr. Bennett off. It was very, very, early in the morning, and the rest of the party had said good-bye to him the night before.

Mr. Pouliot: I thank my hon. friend for his correction, but I suggest that he look at the newspaper files and he will see that he was alone, with Dave Spence.

Mr. Green: The newspapers are not always right.

Mr. Pouliot: I am through with the sad part of past recollections. Now, sir, at the present time we have legislation which may be repealed or which may be continued. To act with wisdom it is necessary for the government to take matters under advisement, just the same as judges do before rendering their judgments.

The Leader of the Opposition is far from being a mind reader. He does not know at all what happens behind the closed doors of the privy council—unless he peeks through the keyhole; I do not insinuate that he does that—although some do, some from his own party. I am not going to dot the "i's" and cross the "t's", but I refer to actual facts which are well known to all members in the house.

Now, what was in the speech of the Leader of the Opposition? What was in the speech of the hon. member for Vancouver-Quadra (Mr. Green) who supported the amendment? The only ground upon which the Leader of the Opposition based his argument was the fact that the Minister of Transport (Mr. Chevrier) had come with an order in council when the question of extending the Emergency Powers Act legislation was before the house.

Then, besides that, he spoke about the rule of law. What does he know about it? He spoke about the fundamentals of parliamentary practice. What does he know about them? He spoke about things which are foreign to him, and I shall prove it very clearly. The Leader of the Opposition quoted some extracts from speeches delivered in the house in 1921 by Mr. Mackenzie King when the Meighen government was in office, and in 1935 when the Bennett government was in office.

Mr. King was heaping anathema on the Meighen government and the Bennett government, which were supported by the Leader of the Opposition. Did he say then that Mr. Mackenzie King was a great man? No. He criticized Mackenzie King at the time—and I was supporting Mackenzie King. He now quotes and praises the anathema of Mackenzie King against the Meighen government and the Bennett government.

With the experience I have in parliament, an experience much longer than that of the Leader of the Opposition, may I give him a piece of advice. When I was fighting Bennett, he was an appointee of Howard Ferguson, holding the office in Ontario of commissioner of securities. I will give him this piece of advice: "Let the dead bury their dead".

Mr. Hodgson: You should have given them advice in Elgin and Peel.

Mr. Pouliot: I will tell my hon. friend that the Leader of the Opposition, who has been

boasting that he would make progress, has made no progress at the by-elections today. It would be better for the hon. member not to interrupt too much, because—let me tell him that I can use a secret weapon more deadly or deadlier than the one Samson used when fighting the Tories of his time, the Philistines.

Mr. Speaker: Order. It may be that the house would prefer to listen to the remarks of the hon. member, although they are somewhat foreign to the amendment before us. However it is my duty to call the attention of the hon. member to the fact that he must come back to the question under debate.

Mr. Pouliot: I said it, sir, I used the word "Tory".

Mr. Hodgson: Get off the comic page.

Mr. Pouliot: Now, sir, here is a gentleman —and I say that because, personally, as a private individual, he is a gentleman, and this gentleman—honourable gentleman—has used the denunciation of his party by the leader of the Liberal party as an argument in protest against legislation which is actually in force. He says: This debate is not academic. Well, where does his amendment lead? It leads to nowhere; it is a trip to nowhere. And if the hon. gentleman knew the rule of law, if he knew parliamentary practice, if he knew British parliamentary practice, he would have done as Your Honour suggested. Instead of sponsoring a silly amendment like this he would have sponsored a bill, and would have been on record to show his sincerity by asking for the repeal of the legislation he complains about.

Far from it. He went to great length to say that hon. members were grimacing; that the Minister of Justice (Mr. Garson) was grimacing. And he was very much high-hat with no less a gentleman than the hon. member for Cochrane (Mr. Habel). He may hear from him in due course. I am not the only one who can speak to him through the chair. Well, that was it.

The hon. member for Vancouver-Quadra made another excellent argument. He said that the speech of the Secretary of State (Mr. Pickersgill) was foolish. He said it two or three times. What arguments! What powerful arguments to crush the Liberal party! Imagine! And they are surprised that the people do not take them seriously. They have no political acumen, not the least bit of it. It is unfortunate. I will chide the opposition to be strong; I will chide the opposition to be worthy of its functions, to establish the rule of law and to maintain the best traditions of parliamentary practice. What can we expect? We had the performance this afternoon; grimacing, foolish, that is all.

There is more to it. It is the very designation of the act, the Emergency Powers Act. It is a very important one. Is the hon. gentleman who sponsored the amendment ready to say that there is no emergency in the world at the present time? Is the hon. member for Vancouver-Quadra ready to say that there is no emergency on the coast of British Columbia when he has told us so many times that he is concerned about the invasion of the Pacific? Nobody spoke about it as much as he did, and it was a long time before the Korean war. Do they know what is an emergency? Do they realize that at the present time the condition of the world is giving concern to people who have more experience than both of them put together? And here just for political purposes they make an attack on the government. They come with an olive branch saying that they are like the doves that came out of Noah's ark. They come with an olive branch of peace. They are not serious. The Canadian people do not consider them serious. They realized at the last election that the leadership of the Conservative party was not—

Mr. Speaker: Order. This is not the time to discuss what happened at the last election. I would again ask the hon. member to confine his remarks to the amendment which is before the house and which I know affords the hon. member ample scope for him to express his views.

Mr. Pouliot: Mr. Speaker, the Leader of Opposition (Mr. Drew) said at a meeting of eight people in Verdun-Montreal that the supporters of the government were sheep. I want to show him that there are rams among the supporters.

Mr. Fulton: Also bores.

Mr. Pouliot: We are spoken of as members who follow blindly the dictates of the government. We have confidence in the government and we have no confidence in the official opposition. That is our position; we have no confidence in them. Why? Because they are not serious. If they used their judgment for one minute they would realize that in times like these it is essential for the government to be in a position to take action if action is needed. For instance, let us visualize the attacks that could be made by air in a very short time. Would the government have the time to call parliament together to discuss all these matters? Action would have to be taken at once in case of such an emergency, and then the action of

the government would be submitted to parliament which is supreme, as is acknowledged by all.

Mr. Knowles: Will the hon. member permit a question?

Mr. Pouliot: Yes.

Mr. Knowles: Does he think that the Emergency Powers Act should be continued beyond the 31st day of May?

Mr. Pouliot: Wait and see. That was the victorious answer of Herbert Asquith to the Tories of his time and I am very glad that my hon. friend is not one. I say that in all sincerity. I am for the maintenance of the privileges of parliament, and not only of parliament as an abstract body but of each member of the House of Commons. To recall old memories, I remember when old Mr. Bruce of Toronto could not speak at one time, and I took his defence—although I did not agree with him—because I wanted him to have the right to say what he thought right, probably. We are all for the defence of our institutions, of the privileges of parliament, and it is precisely on account of that that it is my duty to oppose very strongly the futile amendment of the Leader of the Opposition.

I have said enough for the time being. My concluding words will be that as a Liberal I am glad to see him as Leader of the Opposition once more, because when the Tories select a leader they always choose the wrong one.

Mr. F. S. Zaplitny (Dauphin): I always appreciate listening to the hon. member for Temiscouata (Mr. Pouliot) who does enliven the house with his delightful humour. When he made reference today to the jaw bone used on a previous occasion I might say that his own would give great competition in that respect.

This debate, Mr. Speaker, in my opinion, has become very academic because what we have in essence is an amendment protesting a statute which apparently is not in practical operation. I was rather surprised to hear the hon. member who has just taken his seat say that the government requires this legislation in the case of an emergency such as an invasion of this country. Now of course that is stretching it to the breaking point because we all know that the War Measures Act is still in operation, or could be called into operation at any time, and that would be the statute under which the government could meet any emergency. The Emergency Powers Act, about which this amendment protests, apparently has not been used since it was last endorsed by this parliament. If I understood the Prime Minister (Mr. St. Laurent) correctly, I understood him to say it has not been used since the last time it came before the house.

That being so, it seems rather strange that there should be such a great deal of breast-beating about the whole thing. In addition to that, I think it has now been made clear that the debate is getting to the point where the members on the government side and the members of the official opposition are ready to admit that it all depends on which side of the house you happen to be sitting which attitude you are going to take. First we have the Prime Minister (Mr. St. Laurent) saying, in his delightful manner, that he is not surprised that the opposition is criticizing the government for arrogating unto itself great powers because if he were in the opposition he would be inclined to do the same thing. Then a little later the hon. member for Greenwood (Mr. Macdonnell) made the statement that he is not surprised that the government does not wish to reduce its own powers, because if he were in their position he would not want to do that either. So there we have it. It depends on whether hon. members happen to be on the government side or in the official opposition as to the attitude they take.

On the point that would really matter, namely whether either the members who support the government or the members of the official opposition are prepared to use any of these emergency powers to bring about any changes which would be to the benefit of the country as a whole in order to meet any of the existing emergencies, I think it is now becoming clear that they do not disagree; they are both for the status quo, and it appears to me that they are almost in violent agreement on that point. For example, wide powers are given to the government under the act. I admit that. Let me also say—and I am speaking for myself—that I have no objection to wide powers being given to the government by this parliament or by any parliament provided those powers are used for the purpose of meeting real emergencies and bringing about solutions to them in the interests of the general public welfare.

Referring to the act itself, we find in section 2, paragraphs (d) and (e) and further down in subsection 3, powers that would enable the government to meet almost any ordinary emergency, with perhaps the exception of war. For example, in paragraph (d) such things are covered as transportation by land, air or water and the control of the transport of persons and

things. Then in paragraph (e) such things are covered as trading, exportation, importation, production and manufacture. Then in subsection 3 we find this provision:

All orders and regulations made under or pursuant to authority conferred under this act have the force of law while this act is in force.

That indicates that the powers granted there are fairly wide. But the question is this: What has the government done or what does it propose to do to make use of these powers in order to meet some of the emergencies which are before the country today? I have not heard at this point whether the government intends to use any of these powers. We have been told that in the past year they have not been used; on such issues that face this country as inflation, for example, we have been told that the government has not the ordinary powers to reimpose price control. There are such issues as unemployment. Then again we are told that owing to our constitutional position the government lacks the power effectively to do anything about it. We are faced with a great grain surplus in western Canada. Again, no action. There is a question of social security.

Only today we have an example of the blinding speed with which the government moves, when the Minister of National Health and Welfare (Mr. Martin) tells us that, even though as far back as twelve months ago we had a forecast of certain legislation dealing with pensions for crippled persons, to date he is not able to say when it is going to come before the house; and it may not come into operation until the end of 1954. That situation indicates that the government is not using even the ordinary powers and procedures which they have at their command and that the Emergency Powers Act in itself is only an adornment. As far as I can see, the only purpose it has been serving in the past year has been to gratify the ego of the government because it certainly has not been used to meet any of the emergencies which have arisen and which are facing the country. That is why I say I believe this debate is academic in the extreme. With all due respect, I say that the official opposition are protesting against something which the government claims they are not doing.

Going back over some of the debates in the past we find, of course, that when the Liberal party was in opposition the speeches made by Liberal members on that occasion about some of the orders in council and some of the legislation passed by the then administration were almost word for word what we hear from the official opposition today. I submit that the real questions before us are being sidetracked and forgotten in the midst of this flurry of excitement about an inoperative piece of legislation. As I looked back, it just struck me that in 1951, when this act was being put through this parliament, or in the same year, there appeared in the *Western Producer*, which is a widely-read weekly paper in western Canada, an editorial which should almost be required reading for every member of the government. It is dated October 11, 1951. I should like to quote just one short paragraph in order to point out what should have been engaging the thinking of this parliament and of the government instead of pretending that something is going to be done under powers which they now tell us have not been used. Here is the opinion expressed by that paper:

It is only too distressingly evident that the talk of a better, a more just economic order has not gone beyond the talking stage. The present prosperity and the various large-scale government undertakings for aiding those in need are in reality a false front. They owe their existence to the huge and growing activities devoted to defence and preparation for war. We are living in a war economy. To realize this let the reader try to envisage what would happen if by some miracle sure and certain peaceful understanding between the nations of the world were suddenly established. That glorious news would be followed by so calamitous a depression that it is hard to believe that our economy would survive it. For it would mean a sudden halt to all armament production, thousands of factories would be closed, hundreds of thousands thrown out of work. We strive and pray for real and lasting peace yet ignore or are completely unprepared to meet the catastrophic shock to our whole economy which would be the inevitable result of real enduring peace.

That is a challenging editorial and I think it underlines what I have been leading up to or have been attempting to say, namely that unless the government is prepared to meet the emergencies of the day, to do some long-range planning to meet the situations which may arise, legislation of this sort serves no purpose. Those situations are already casting their shadows before them. The unemployment figures themselves indicate that what the editorial said in 1951 was only too true. We have cut back national defence spending by only a small amount, both in Canada and the United States, but its effect is already being widely felt. What has the government to put in its place?

Those are the real issues facing this country, not only today but in the years to come. Those are the things that we in this parliament should be debating and planning for, not wasting our time and energy fighting about an Emergency Powers Act which was

passed in 1951, which was renewed year after year and which the Prime Minister now tells us was not even used. Why worry about something which is not even being used? So far as I am concerned, I feel that the government has not made the best possible use of the resources they have had at their command. For my part I would say that it is of no use to carry on the statute books legislation of this nature which appears to be only for the purpose of pretending that something is going to be done when there is an emergency, that the emergency is recognized, and that the government is prepared to do something about it. That is not the case.

I appeal to the government on the grounds that the issues facing the country today are small in comparison with what they will be in two years' time. I hope I may be proved wrong, but that is what I believe at the present time. Instead of cluttering up the statute books with emergency powers and acts of parliament which are never used, I say let us make use of the legislation which already exists, let us make use of the facilities we already have, and let us do some planning for the future. Let us prevent a catastrophe in which even wider powers may be sought by this government.

Mr. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I believe there is a principle involved in this motion now before the house which requires serious consideration. I did not follow the hon. member for Dauphin (Mr. Zaplitny) who has just spoken in many of his arguments, and particularly in regard to that in which he claimed that if the positions were reversed in this house and the opposition sat on the treasury benches the same powers now reposing in the government would be sought by the opposition. I do not believe that suggestion has been made by any hon. member of the opposition so far. Nor did I follow the hon. member in his argument that because the Emergency Powers Act has not been frequently used we should pay no attention to it.

I believe it is the duty of parliament to examine anything in the nature of extended powers asked for by the government, and to examine whether these powers are necessary. The amendment now before the house is simply the medium by which a redress of grievance is being sought, and a medium by which the opposition may draw to the attention of the people of Canada the fact that the power vested in the executive is greater than it need be, and that that power should be checked.

There has been considerable criticism in recent years of the decline in the power of parliament and the corresponding increase in the power of the cabinet. Many commentators on political affairs have written on that aspect of the matter, and it has been discussed, of course, in the House of Commons on many occasions.

Earlier this evening my colleague, the hon. member for Greenwood (Mr. Macdonnell), quoted from a work by Professor Corry. I would also like to quote a passage from page 649 of the same volume. The professor was dealing with the problem of whether the democracies are travelling along the road towards dictatorship, and he was also dealing with this problem of the decline in the power of parliament and the growth in the power of the executive. The professor has this to say:

> Yet the democracies are still a long way from such a concentration of power—

That is, compared with a dictatorship.

> —and it is open to them to halt these trends before they reach the monolithic state. There is now much more concentration of power in the democratic governmental structure than there was in 1900 and this is not without its alarming aspects. But it is not necessarily beyond human ingenuity to find improved methods of control as counterpoises to the aggrandizement of the executive and the growing predominance of national over local, and state or provincial, governments.

That, the professor says, is the crux of the matter. This particular act to which we have been referring simply points up the attitude of the executive as an attempt to encroach still further upon the prerogatives of parliament. It is the function of the opposition to draw attention to that encroachment.

This afternoon the Secretary of State (Mr. Pickersgill) dealt with some of the functions of the opposition as he saw them, and I believe that in many of his remarks he was perfectly accurate. He suggested it was the function of the opposition to harass the government, attack the ministers, and to criticize and oppose. In that statement he is on very firm ground.

Sir Ivor Jennings, who has written a very useful book entitled, "Cabinet Government" based on parliamentary experience in the United Kingdom, has something to say with regard to the function of the opposition. I believe what he says is of importance because there is often a misunderstanding in the public mind and sometimes in this house as to the function of the opposition. But this is what he has to say on page 439 of his book:

> It is not untrue to say that the most important part of parliament is the opposition in the House of Commons. The function of parliament is not to govern but to criticize. Its criticism, too, is directed not so much towards a fundamental modification of the government's policy as towards the education of public opinion. The government's majority exists to support the government. The function of

the opposition is to secure a majority against the government at the next general election and thus to replace the government. This does not imply that a government may not be defeated in the House of Commons. Nor does it imply that parliamentary criticism may not persuade the government to modify, or even to withdraw, its proposals. These qualifications are important; but they do not destroy the truth of the principle that the government governs and the opposition criticizes. Failure to understand this simple principle is one of the causes of the failure of so many of the progeny of the mother of parliaments and of the supersession of parliamentary government by dictatorships.

Another remark by the Secretary of State attracted my attention. He said the function of the opposition was to criticize and oppose, and he rejected any idea of joint responsibility. Yet I suggest there are occasions when there is some joint responsibility in the House of Commons. For example, we find a certain measure of that joint responsibility in the realm of external affairs, and the view has been adopted here that in order to present a united front to the rest of the world on external affairs there should be no marked difference of opinion in this house. That would be a sound approach if full information was given to the opposition.

Sir Ivor Jennings deals with that point on page 465 of his book and I would like to quote. Speaking of the opposition he said:

Sometimes, indeed, it agrees not to oppose. This is particularly true of foreign affairs. For the enmity within is as nothing compared with the enmity without. The suggestion that the nation is divided gives encouragement to enemies abroad.

He then goes on to give examples from the British House of Commons where the opposition was taken into the confidence of the government so that a united front in foreign affairs might be presented. Sir Ivor Jennings points out that the giving of information to the opposition was particularly necessary where secret agreements prevailed so that should there be a change in government the incoming government would be aware of these obligations. I therefore suggest that there are occasions on which there is a certain measure of joint responsibility. Sir Ivor also points out on page 466:

Further, agreement may be made with the opposition to secure the settlement of a question which has so long divided political parties that an agreed solution becomes necessary.

We in this country may not have had anything as critical as that, but that has been the English experience. There is another reference, and this is related to the whole question of the powers which the executive has gradually been taking to itself within the House of Commons. The Secretary of State said that the government derives its power from the House of Commons and modified it to say, from a group within the House of Commons, which is of course accurate. The government derives its power actually from the party. Parliamentary government as it existed in the nineteenth century has been modified in the twentieth century to become, as Professor Corry calls it, party government. That fact must be recognized. The cabinet is supported by the party system and is dependent upon it to maintain itself in office. For example, Jennings says on page 439:

It is said that the House of Commons controls parliament.

Theoretically that is so because measures have to be passed by parliament, but in actual fact the control rests elsewhere. He goes on to say:

But, in truth, the fundamental criticism of the proposition is that it ignores the party system and thus ignores the fact that, through the party system, it is the government that controls the House of Commons.

The Secretary of State, in dealing with the question of the government not disclosing certain information on motions for the production of papers, went on to suggest that it was not the members on the treasury benches who voted down such motions but that it was the house that did so. But surely that is ignoring the party system completely. Members who are supporting the treasury benches naturally are not going to vote against their leaders in the House of Commons unless they wish to face disaster. Our system depends on party government and the party must remain intact or the government fails to maintain its position. That, I think, is a fact which is sometimes overlooked. The power of the executive depends of course upon the solidarity that it can maintain within its party in the House of Commons. For example, consider this passage on page 441 of Mr. Jennings' book:

The member of parliament is thus returned to support a party. He recognizes his party obligations by receipt of the "whip"; if he disagrees with the party policy on a particular matter, he may abstain from voting. Occasionally, perhaps, he votes against his party. If he does so too frequently, he loses the "whip"; and this means probably, the loss of party support at the next election. Without that support, he will probably not be elected. Also, his party loyalty as well as his self-interest will induce him normally to vote with the party. . . Above all, a supporter of the government is very unlikely to take any step which will defeat the government. For, if it is defeated on a major issue, it will resign or dissolve parliament. If it resigns, he has assisted the formation of a government by the opposition, which is, *ex hypothesi*, worse than that which he was elected to support. If parliament is dissolved, he will have to undergo the trouble and possibly the expense of an election; and it may not be certain that he will be re-elected.

Consequently, as the Secretary of State said, the members of the treasury benches certainly do not vote down these motions

themselves. They vote them down with the support of the party behind them. It is thoroughly understood here that that is what happens, and we would be the most surprised people on earth if the treasury benches rose in support of a measure and all their supporters took the opposite stand. The party system is thoroughly established as part of our system of parliamentary government, and it is on that party system that the executive is dependent for its support.

With regard to the Emergency Powers Act, I have never been able to see the necessity for such additional powers being sought by the executive. I have never been able to see any force in the argument, "Oh well, you can trust us; we will not misuse our powers." I see no force in the argument, "we have not used them very often". We had an example last year of the use of the Emergency Powers Act in the tabling of an order in council under that legislation while parliament was still sitting. We have the example of a secret order in council which apparently stands or falls with the Emergency Powers Act. It is my opinion that there should never be in Canada such a thing as a secret order in council. I do not think that under our democracy secrecy is necessary along that line.

If it is important that something should be withheld from public knowledge, then that would be one of the instances when at least the Leader of the Opposition (Mr. Drew) and the leaders of the other opposition parties should have some information as to a matter of such importance. The government has power without passing legislation such as the Emergency Powers Act. The experience of the British house is a case in point. Jennings is very useful in directing our attention to that. At page 447 he says:

> British governments are in fact expected to govern. If necessary, they are expected to act even when they have no legal powers. They can rely on their majorities and on the common sense of the house to rectify their acts. There is and can be no limitation on retroactive legislation. A government can act first and ask for approval afterwards. It can declare war though it has not the power to place the forces on a war footing though it is the duty of the government to summon parliament at once.

May I interject there to say that in 1939 the services in Canada were placed on a war footing almost two weeks before parliament assembled and declared war against the enemy. Was there any question at that time about the government exercising power that was not inherent in its prerogative? I do not think so. That met with the good sense of the people of Canada and of members of the House of Commons. The government has these powers without passing legislation such as the particular act that has been mentioned tonight. But Professor Jennings goes on to point out that when such actions are taken by the government, the immediate summoning of parliament is necessary so that it may be informed and may give its approval of the acts of the government.

The weakness in the Emergency Powers Act, as I see it, is that the government may act without summoning parliament and therefore can keep from the people of the country information that should be available in a democracy. Surely, as we pointed out earlier this afternoon, there is no longer any difficulty about summoning parliament rather quickly. Transportation has developed to such an extent that the house can be called together with dispatch. Why, therefore, grant to the cabinet the power to act without parliament being called to pass on those decisions? It could so happen that five months might elapse after action taken by the cabinet under the Emergency Powers Act, and parliament would not receive the information until it had again been convened.

Under the practice as we have known it in the past, established over the centuries in the great tradition of British parliamentary democracy, governments are certainly expected to act and make decisions, then to have their acts ratified as quickly as possible by parliament. The information is conveyed to parliament, and through parliament to the people. It is against this seeking of power by the cabinet that we make this protest. We make this protest fulfilling the function of the opposition, and hopeful that we may influence the government to restrict its desire for power.

We are still more hopeful that we may catch the ear of the people and inform them of what is being done here; inform them that their liberties are in danger. It is essential that our parliamentary system be maintained, that our democratic institutions be maintained in their full vigour. It is the duty of the opposition to draw attention at any time that it observes the power of the House of Commons is being diminished in any way by an increase in the power of the executive.

Mr. Harold E. Winch (Vancouver East): On the amendment that is now before the house, Mr. Speaker, I find myself in the position of being on the horns of a dilemma. I am unalterably opposed to emergency powers being in the hands of the governor general in council. I cannot see the reason for any such need. It is my honour to come from a constituency in Vancouver. From Vancouver, on the far western coast, we can come to Ottawa by aeroplane in about thirteen

hours; by train, we can be here in four days and three nights. I cannot conceive of such an emergency as would require emergency powers in peacetime, or why any decision of the government could not be submitted to parliament itself.

I have an objection to special powers. I can remember back in 1934 when a Liberal premier in British Columbia introduced the special powers act, known as the S.P.A. Later it became known as the supreme provincial asininity. In that act every power of parliament was taken into the hands of a lieutenant governor in council in British Columbia. I want to admit that the powers were never once used in any way whatever, and several years later the act was repealed. But I cannot see any reason for these strict emergency powers being in the hands of the governor general in council.

Whilst I condemn very much in principle the transference of the powers of parliament on an emergency basis into the hands of the governor general in council, at the same time I condemn the method whereby the official opposition has drawn this matter to the attention of the house. It is my personal opinion that it has been done completely on the basis of political expediency. In my estimation it could have been done on the basis of principle by using other methods. This afternoon I was interested in listening closely to the remarks of the Leader of the Opposition (Mr. Drew). I agree completely with the principles that he espouses, but I do not agree with all the arguments that he used. If my memory serves me correctly, when he spoke about dictatorship and bureaucracy he should have recalled that the greatest instance we ever had of dictatorship and bureaucracy was under a Conservative government under the late R. B. Bennett. During the election campaign he told us he was going to blast his way into the markets of the world, and his word was accepted by the electors of Canada. The depression continued, and the only blasting was that he blasted himself into an earldom in Great Britain.

These remarks may seem rather strange coming from a member sitting in the opposition. I am not speaking from the brief experience I have had here, but from twenty years' experience as a public servant. I will admit that for perhaps the first three or four years that I had the honour of being a public servant I went after the government from the opposition side. However, I learned a lesson and a principle. The principle was, and I still maintain it, that I will never say anything from the opposition side in parliament, denouncing the government or demanding action from the government, that I do not think I could put into effect if I were on the opposite side of the house. I do not believe the official opposition is attacking this matter from that basis.

I was most interested in the remarks of the Prime Minister (Mr. St. Laurent) this afternoon. I want to say, Mr. Speaker, that on this matter of the amendment now before us I believe the Prime Minister made a statesmanlike reply. He stated that there is now on the statute books the Emergency Powers Act, and it will remain there until the end of May. The government has not yet made up its mind what it is going to do. I do not like to try to be a prophet, but I do not believe the government is going to ask for the continuation of that measure. As I said, that act will be in effect until the end of May. If the government in its wisdom does not introduce a bill that measure automatically dies.

So all the hours, and the thousands of dollars we have cost the taxpayers this afternoon, go out the window. If the government, in its stupidity, brings in a continuation, we will then have the opportunity, when it brings in the bill, to have a debate; when we know what they have in mind. We can debate it then, as we have been discussing the matter this afternoon.

So perhaps, Mr. Speaker, you will understand what I mean when I say that I am on the horns of a dilemma. In principle I am unalterably opposed to this transference of the powers of parliament to the executive, the cabinet. I am unalterably opposed to that. At the same time I am also unalterably opposed to the method in which this question is now raised in the House of Commons, and the hours of time it has taken up.

So, sir, I shall make my position clear: If the government does not bring in a bill for the continuation of this measure, then I say, "more power and more credit to them". I do not think it is necessary. If an emergency arises, parliament can be called inside of a week. Then if the government does bring in a bill, I intend to have something to say, and it will be at far greater length than I have spoken now.

However, an amendment is now before the house. It has not been ruled out of order. If I may say so, sir, that is the only criticism I have of the Prime Minister. I think he made an interesting, statesmanlike, practical and logical presentation this afternoon, but he did not carry it to its ultimate conclusion of asking you, sir, to decide whether or not the amendment is in order. I think he should have. However, that was his business, not mine.

I do think, sir, that we should get to a vote. Let us wait until the matter comes up, and we will speak on the government's action at that time.

Some hon. Members: Question.

Mr. Fleming: Mr. Speaker—

Mr. Speaker: Before the hon. member speaks, perhaps I should comment briefly on the last sentence of the speech of the hon. member for Vancouver East (Mr. Winch). It is the duty of the Speaker to make up his mind as to whether a motion is or is not in order. That is his duty, no matter who, from either side of the house, asks for a ruling. I do not think the hon. member's statement should remain without some comment on my part.

If I have not decided that the amendment is out of order, it is because I have not found sufficient grounds to do so. I think I quoted enough authorities to show that I was somewhat confused about what I had discovered. If I had found the amendment was out of order it would have been ruled out of order. It was not so ruled because I did not find justification for doing so.

Mr. Winch: I think you are a marvellous Speaker. I have enjoyed all your decisions. I pointed out that you were not asked to give a decision. I think you are doing an excellent job.

Mr. Speaker: The hon. member should know that I do not have to be asked to give a decision. When I receive an amendment it is my duty to examine it and, without a request from anyone, to make a decision; it is my duty to render one. Had the Prime Minister made no comment at all I was considering the amendment and would have made the comment I have made, in just the same way. That is what I wish to have clear.

The hon. member for Eglinton may proceed.

Mr. Fleming: Mr. Speaker, it is about two minutes to ten. Perhaps we might call it ten o'clock.

On motion of Mr. Fleming the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris moved the adjournment of the house.

He said: Tomorrow we will continue this debate, and if the motion to go into supply is carried we will take the estimates of the Department of Mines and Technical Surveys, and then the Department of Transport.

Motion agreed to and the house adjourned at 9.58 p.m.

HOUSE OF COMMONS

Tuesday, March 23, 1954

The house met at 2.30 p.m.

INDUSTRIAL RELATIONS

CONCURRENCE IN FIRST REPORT OF STANDING COMMITTEE

Mr. G. E. Nixon (Algoma West) presented the first report of the standing committee on industrial relations, and moved that the report be concurred in.

Motion agreed to.

DIPLOMATIC INSTRUMENTS

TABLING OF NOTE TO WASHINGTON ON CHICAGO DIVERSION

Hon. L. B. Pearson (Secretary of State for External Affairs): I am tabling two copies, in English and in French, of Note 169, dated March 10, 1954, from the Canadian ambassador in Washington to the Secretary of State of the United States, concerning House of Representatives Bill H.R. 3300, relating to the diversion at Chicago of the waters of lake Michigan.

FISHERIES

NEWFOUNDLAND—INQUIRY AS TO ESTABLISHMENT OF FLOOR PRICES

On the orders of the day:

Mr. Clarence Gillis (Cape Breton South): May I be permitted to direct, to the Minister of Fisheries or his parliamentary assistant, a question which is based on a statement in the Montreal *Gazette* this morning captioned "Newfoundland Fisheries under Ottawa ruling." Will the minister inform the house if the new arrangement between the government and the Newfoundland fisheries industry means that floor prices may be placed under that industry?

Hon. Jean Lesage (Minister of Northern Affairs and National Resources): In the absence of the Minister of Fisheries and his parliamentary assistant, I shall take the question as notice and draw the attention of the minister to it upon his return.

EMERGENCY POWERS ACT

INQUIRY AS TO REPEAL OF P.C. 3486, OF JULY 4, 1951

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister? In view of his statement of yesterday that it might be possible to deal with the subject matter of order in council P.C. 3486 of July 4, 1951, in some other way, has consideration been given by the government to repealing that order in council? As the Prime Minister knows, that is the secret order in council.

Right Hon. L. S. St. Laurent (Prime Minister): The matter of whether or not there is legislation sufficient to ward against the dangers that were contemplated by this order in council is still under consideration by the law officers. Until we get their report the other question will not arise for consideration.

INCOME TAX

INQUIRY AS TO OPENING OFFICES SATURDAY MORNINGS

On the orders of the day:

Mr. W. M. Hamilton (Notre Dame de Grace): Has the Minister of National Revenue given consideration to a temporary rearrangement of office hours for some employees in the income tax offices across Canada, so that taxpayers might be offered an opportunity to visit such offices on Saturday mornings and certain evenings to obtain assistance at this time when they are wrestling with their income tax returns?

Hon. J. J. McCann (Minister of National Revenue): The matter referred to, Mr. Speaker, is one of administration and such matters are continually under review by the department. In most of our offices, but not in all, the five-day week is operative now. Our experience has shown that in former years there has been no great demand for keeping our offices open on Saturday morning. In view of the fact that in almost all districts business offices are closed on Saturday morning, we do not consider that it would be advisable to open our offices. If it were done

it would involve overtime or compensatory leave for employees; and at this time of the year we are usually short-handed.

EXTERNAL AFFAIRS

GENEVA CONFERENCE—CANADIAN REPRESENTATION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, may I ask the Secretary of State for External Affairs what arrangements have been made by the Canadian government for representation at the conference to be held at Geneva next month in relation to affairs in the Far East, and what instructions, if any, are being issued to the Canadian delegates?

Hon. L. B. Pearson (Secretary of State for External Affairs): In answer to the first part of the question, I hope to head the Canadian delegation to this conference, myself, and will be accompanied by certain advisers. No instructions have yet been provided for the guidance of the Canadian delegation.

Mr. Fleming: In the absence of those instructions, may I ask the Secretary of State for External Affairs what position is going to be taken by the Canadian delegation?

Mr. Pearson: I understand there is to be an opportunity for discussion of external affairs on Thursday. No doubt this and other questions might be discussed at that time.

FOOD AND DRUGS ACT

INQUIRY AS TO PROCLAMATION OF LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to ask a question of the Minister of National Health and Welfare. This question is supplementary to one I asked him on December 14. I might say also that it arises out of a very interesting tour some of us—

Some hon. Members: Speech.

Mr. Knowles: —were permitted to make—

Some hon. Members: Question.

Mr. Knowles: —through the kindness—

Mr. Speaker: I would ask the hon. member to realize that he had better ask his question.

Mr. Knowles: Apparently the Liberals will not even permit me to—

Some hon. Members: Question.

Mr. Knowles: Can the minister say whether a date has yet been fixed for the proclamation of the new Food and Drugs Act, and what progress is being made in recruiting personnel for the inspection required under that legislation?

Hon. Paul Martin (Minister of National Health and Welfare): The date has not yet been settled, but we hope to be able to do so at the earliest possible moment.

SUPPLY

EMERGENCY POWERS ACT

The house resumed, from Monday, March 22, consideration of the motion of Mr. Abbott for committee of supply, and the amendment thereto of Mr. Drew.

Mr. Donald M. Fleming (Eglinton): Mr. Speaker, on a government motion to resolve the house into committee of supply it is not only a traditional opportunity but it is, as I conceive it, the duty of the official opposition to raise questions that are matters of essential grievances on the part of parliament and the Canadian people.

Here we have before the house a matter of serious parliamentary concern. It should not have been necessary, indeed, to introduce an amendment to debate the matter in the house, but it has become necessary because of the fact that this government is so wedded to power, arbitrary power. Not only is the government reluctant to give up power, but, sir, it is reluctant even to submit such questions for discussion in the house.

It will not be forgotten that as early as November 18 of the present session, noting that the speech from the throne was silent on the important subject of the Emergency Powers Act, I made so bold as to ask the Prime Minister (Mr. St. Laurent) this question, as reported at page 122 of *Hansard*:

> May I ask the Prime Minister if it is the intention of the government to ask parliament at this present session to extend the Emergency Powers Act?

To that question the Prime Minister made this not very informative reply:

> That is a matter of policy about which information will be communicated to the house in due time.

What is "due time"? Apparently "due time" has not yet arrived. Therefore those of us who are not prepared to bide the time of a tardy government consider this an eminently proper occasion to put this matter squarely before the house. And the house will have an inescapable opportunity to say whether it is proper to condone, under today's circumstances, the continuance of arbitrary powers in this government.

The government is having trouble to make up its mind on this question, as the Prime Minister conveyed to the house yesterday.

Well, let us take due account of the indecision of the government, and let the house, then, assist this indecisive government with respect to this question.

What is the background? The background is one of a succession of statutes under which this government has been seeking sweeping powers ever since the emergent days of the war. First it was the National Emergency Transitional Powers Act; then it was the Continuation of Transitional Measures Act; then it was the Emergency Exchange Conservation Act, followed by the Emergency Powers Act—and now by the various extensions of the Emergency Powers Act.

Sir, our amendment will invite the house to record its opinion on this question. The amendment is as follows:

this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

Sir, the Emergency Powers Act is a notorious measure; it is time it was expunged from the statute books of Canada. It is a blot on the records of the Canadian parliament. That statute is the measure of the extent to which, under today's conditions, there has been under the pressure and leadership of the present government a departure from parliamentary processes and responsible government. This statute, if it is left where it is, will continue in force until May 31. Sir, it should not be allowed to run its course; it should be removed from the statute books of Canada without further delay.

Mr. MacDougall: Oh, oh.

Mr. Fleming: There will be an opportunity for my hon. friend, who took a very praiseworthy course on an earlier occasion, again to express that true conception of the relationship between the government and parliament which on a noteworthy occasion last year he was courageous enough to express. I am looking forward to seeing him exhibit the same courage he did on that quite unusual occasion.

Those who sat in the house last year will well recall the debate on the government measure to continue the Emergency Powers Act for another year, from May 31, 1953, to May 31, 1954. And those same members will not have forgotten that the official opposition, fought up hill and down dale against the continuation of that measure, at every opportunity and every stage. The position we took then was a position of complete, outright and irreconcilable opposition to the continuation of powers of this kind. That was our position at that time, and on August 10 last year, and it is our position today.

Some hon. Members: Oh, Oh.

Mr. Fleming: It will not be forgotten—

Mr. Speaker: Order. When there is so much turmoil in the house it should be kept in mind that a point might be brought up on which I would have to rule and, under present circumstances in the house, I would have to admit that I had not heard. I am sure hon. members would want me to hear the hon. member who has the floor. Therefore I would ask them to be silent.

Mr. Fleming: One of the features of the debate which occurred last year was the participation in it of the Minister of Justice (Mr. Garson). He has not yet participated in the present debate. I for one look forward to hearing what he may have to contribute to this debate today.

It will also be remembered that last year some hon. Liberal members of this house did express grave concern over the continuation of these powers. Indeed, one of them had the courage to stand in this house, the then hon. member for London, Mr. Jeffery, and say that he could not support the continuation of this measure were it not for the fact that we were almost certain to have an election in the then succeeding months, and there would be no parliament to be called into session if an emergency did arise.

It will not have been forgotten, either, Mr. Speaker, that the measure to extend this statute passed on second reading only after the Prime Minister had spoken and had given certain very sweeping assurances to the house. Those assurances were to this effect, that the government would not make use of those powers except under the compulsion of grave necessity. Indeed, Mr. Speaker, he said, as you will find recorded at page 3319 of *Hansard* of March 26, 1953:

I hope it will not have to be used at all.

Well, with these assurances ringing in their ears, the house, on a majority vote, decided to give the government the extension of power for another year which it then so urgently sought. What became of those assurances? The record is quite clear and all too fresh.

Let me first ask the question as to the extent of those powers. The extent of those powers, Mr. Speaker, is such that to most intents and purposes the governor in council may do everything that parliament may do. The words of section 2 of the Emergency Powers Act are sweeping in their breadth. Section 2 reads:

2. (1) The governor in council may do and authorize such acts and things, and make from time to time such orders and regulations, as he

may by reason of the existing international emergency deem necessary or advisable for the security, defence, peace, order and welfare of Canada;

Notice, if you will, the unqualified breadth of these statements, Mr. Speaker. The terms that follow are set forth only for the purpose of clarification. The section proceeds:

and for greater certainty, but not so as to restrict the generality of the foregoing terms, it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:

And there follows an enumeration. The only limitation placed by this statute upon these powers, so sweeping and broad in their full amplitude, is to this effect, that those powers do not include the power to make orders or regulations in relation to:

(a) arrest, except as incidental to proceedings under section three, detention, exclusion or deportation of any person;

(b) censorship or the control and suppression of publications and writings; or

(c) expenditure of moneys otherwise than in accordance with an appropriation by parliament except expenditure of moneys from any fund or account established by order or regulation in connection with a scheme of control for the purposes of that scheme of control.

There you have, Mr. Speaker, powers that would make any dictator swoon with envy. And, sir, how do they compare with the powers in the statute which the government tells us they do not wish to have occasion to invoke, namely, the War Measures Act? Well, sir, the language of the War Measures Act is virtually identical with that of the section now under discussion with the exception of these excepting words which I have mentioned, and indeed not even all of them. Therefore, Mr. Speaker, with the exception of the power that I have mentioned, it is perfectly clear that under this notorious measure the governor in council possesses power to do everything that the sovereign parliament of Canada itself can do.

This is the year 1954. Why should parliament be any longer a party to abdicating power given to it by the people, given to it by the constitution, in favour of a group of men whom we call the cabinet? Sir, I submit to you that powers as sweeping as those cannot be justified in a democracy in this year of grace 1954.

How does the government justify them? They can only justify them, Mr. Speaker, on the basis of the assertion by parliament of the existence, not in 1944 or 1945, or in the years immediately following the war, but today, 1954, of such an emergency that democracy cannot be permitted to proceed in its normal constitutional and traditional manner.

[Mr. Fleming.]

The statute speaks of an existing international emergency. Well, that is what the statute spoke of in 1951 when it was placed on the statute books. I put this question to hon. members opposite: What emergency exists today that is of such a nature that it cannot permit of the continuation of normal constitutional parliamentary processes? What condition exists either in Canada or in the world today that requires that there be on the part of parliament this abdication of powers, that no self-respecting parliament can possibly justify abdicating in favour of a small group of men? What the government has had to say in past time in trying to justify continuation of these sweeping powers under the guise and pretext of emergency was indeed vague. We know the dangers that lurk in the assertion by parliament of the existence of an emergency, sir; for ever since the Nolan case it is clear, if there were any doubt before, that the courts of this land will have no power to examine into the facts to determine whether such a declaration on the part of parliament has authority or justification or not. If parliament will simply say in legislative terms that there exists in Canada today an emergency, then, under that decision, power flows to parliament to legislate even at the expense of the constitutional powers of the provinces.

Sir, we of the official opposition assert that there exists neither in Canada nor in the world today any such condition as justifies this overturn of the processes of democracy.

I next ask the question, sir, what use has been made by the government of those sweeping and arbitrary powers? First, I say, sir, that since this measure was brought into being in 1951, a total of 25 orders in council has been passed under the authority of it: in 1951, 19; in 1952, 5; in 1953, 1.

In the second place, what has been the nature of these orders in council? Well, there has been quite a variety and assortment of them, Mr. Speaker, but this characteristic is common to all of them, that parliament was competent to do everything that every one of these orders in council did.

The third feature is this, Mr. Speaker, that whether parliament was in session or not matters not a whit to this government in exercising these powers. If it happened to suit their convenience to proceed by order in council rather than submit the proposed measure to parliament for enactment here by the elected representatives of the people they went ahead and put it into effect by order in council.

In 1951 the session of parliament began on January 30 and extended to December 29. It is true that parliament was not actually

sitting every day of that period; but if you will simply count the days that parliament did actually sit right here in this room and in the other place you will find, sir, that twelve of those orders in council were passed while parliament was in session.

In 1952, of the five orders in council passed under the authority of this measure three were passed while parliament was actually physically in session here. In 1953 the one order in council that was passed was passed while parliament was in session. Therefore you see, Mr. Speaker, that of the total of 25 orders in council passed under the authority of this notorious measure 16 were passed while parliament was actually sitting here, assembled here for the purpose of doing the business of the country and meeting the legislative needs of Canada.

Let us examine a little more deeply into this question of legislating while parliament is in session. March and April of last year saw events in this house that ought to be carefully observed by every student of constitutional history and by every citizen who is alive to what the rule of law has meant in buttressing the liberties of Canadians and those from whose example we have drawn these liberties. I have mentioned, sir, that the bill was given second reading following assurances given by the Prime Minister to the house on March 26, 1953, very solemn assurances, if I may say so, and it was on April 17 that the government opposite proceeded to tear to shreds and tatters these solemn assurances given to the house by the Prime Minister and accepted by the house in good faith.

What then happened? Without saying a word to parliament the government, on Friday, April 17, went to work and under the authority of the Emergency Powers Act passed order in council No. 1953/604. It was a measure relating to the control of contraband on the China seas. It was not made public on Friday. The house was in session that Friday. It was in session morning, afternoon and evening that day, but not a word was said to the house. On Monday morning, April 20, when here in session the house actually was dealing with amendments to the Canada Shipping Act, of the very same subject matter as the order in council then three days old, still preserved in official secrecy.

The house had certain amendments before it on that Monday morning, April 20, in committee of the whole. It dealt with those amendments and the measure in due course was given third reading and sped on its way to the other place. Fifteen minutes later, after that measure had safely taken its departure from this house, with a delicate sense of timing the Minister of Transport (Mr. Chevrier) came into the house and announced, in the ears of a dumbfounded House of Commons, that this order in council had been passed dealing with the very subject matter that had been before the house only minutes previously.

The official opposition on that occasion, as on this occasion, did its duty and introduced a measure of censure and invited the house to express its censure upon a government that had proven itself so callously, so deliberately forgetful of the promises and solemn assurances given to the house by the Prime Minister less than a month before. You will recall how completely, how tragically the whole attitude of this government towards the House of Commons, towards its constitutional responsibilities, was revealed in the course of that debate by the spokesman for the government, the Minister of Trade and Commerce (Mr. Howe), when he uttered these memorable words recorded for all time in *Hansard* at page 4197:

> If we have overstepped our powers, I make no apology for having done so.

Sir, no Cromwell, no Hitler, no Mussolini, could have put in plainer terms his dictatorial concept of the function and power of government.

Mr. Speaker: Order. I have been listening very intently to the remarks of the hon. member, and possibly I should have risen earlier. The hon. member, in language which was very carefully selected, did, in my view, imply that some hon. members have shown bad faith toward the house. He did not mention any one in particular. But later he went on to say, after having referred to one or two cabinet ministers, that they had deliberately forgotten the assurances they had given to the house. The hon. member's language was couched in such learned terms that I did not want to take issue with him and ask him to be careful about the language that he was using, but I am afraid that the leniency I have been showing has perhaps given him some encouragement. He has now reached the point where, I think he will agree with me, the words he has just addressed toward the Minister of Trade and Commerce are not parliamentary. To say of the Minister of Trade and Commerce that he has used language which Hitler or Mussolini would have used—

Mr. Drew: No, no.

Mr. Speaker: I see that the Leader of the Opposition (Mr. Drew) considers that I am not

citing exactly what the hon. member said. I do not want to entertain an argument as to what was said. I remember the incident when, after prolonged debate, Mr. Speaker Macdonald could not get the transcript of the notes immediately and had to wait a few hours until he did get it. I have heard exactly the expression used by the hon. member for Eglinton (Mr. Fleming) and I think that in substance I am citing it exactly as I heard it. It may not be word for word, but I am asking the hon. member to withdraw those words unconditionally.

Mr. Fleming: Mr. Speaker, I shall be happy indeed to abide by any of your rulings. As you know, the words that I used—

An hon. Member: Withdraw.

Mr. Fleming: Just a moment, please—with reference to the statement made in the house by the Minister of Trade and Commerce were these, that no Cromwell, and others, could have used language—

An hon. Member: Who were the others?

Mr. Fleming:—better calculated to express their conception of power than the words used by the Minister of Trade and Commerce on that occasion. I am sure you will give me credit for this, Mr. Speaker. If I had had any idea there was anything unparliamentary about those words I would have refrained from using them. With the greatest respect, I did not undertake to refer to the minister. I referred to his language, and in my humble submission that unfortunate statement by the minister should be open to the strongest form of censure in this house. I am dealing with the words he used and I confined my remarks to the words he used. I assure you, Mr. Speaker, that I intended nothing unparliamentary. I was not speaking of the minister personally. I confined my remarks to his language.

Mr. Speaker: I know that sometimes it appears to be difficult for hon. members to withdraw words. When I was a private member I was never called upon to withdraw words, perhaps because I did not take part in debates as often as some hon. members do. To me it is a simple matter to withdraw words which are considered by the Chair to be unparliamentary. Now, the hon. member is reasonable, and I say that in my view it is offensive and unparliamentary to attribute the comments he has to the Minister of Trade and Commerce (Mr. Howe), who is also the Minister of Defence Production. Indeed, had the hon. member used the same words in relation to any other hon. member of this house I would have felt exactly the same way and I would have asked the hon. member to withdraw. I am sure the hon. member would not have used that expression if this, for example, were just at the end of the war. To say of a cabinet minister that his attitude is comparable with that of Hitler or Mussolini is unparliamentary and I do not believe the hon. member would want to insist upon having these words on the record no matter how strongly he wishes to censure the government at this time. See Beauchesne, third edition, citation 260, which states that no member can be allowed to say that a minister has transferred himself from a constitutional minister into a tyrant.

[Mr. Speaker.]

Mr. Fleming: I do say again to you, sir, with the utmost respect—

Mr. Speaker: Order. I am asking the hon. member to withdraw.

Mr. Fleming: I still do not know, Mr. Speaker, what you are asking me to withdraw, but such is my love for you that I will withdraw anything. I am very glad though, Mr. Speaker, that it does not lie within the power of the Minister of Trade and Commerce (Mr. Howe) to withdraw what he said on that occasion. His words are there for all time and they are there for all Canadians who value their rights and privileges to look upon.

If I cannot use the language to which I am accustomed, then I will simply have to resort to Shakespeare:

> Upon what meat doth this our Caesar feed,
> That he is grown so great?

There were two hon. members of the house who on that occasion showed a most commendable degree of courage. The first was the hon. member for Vancouver-Burrard (Mr. MacDougall). I was hoping he would be in the house at this time. Perhaps he is here. I can hear his voice but I cannot see him. The other member was the then hon. member for London. Be it said to the credit of these two hon. members that for the sake of principle they courageously voted against the government on that occasion and expressed their disapproval of what the government had done.

May I also remind you, Mr. Speaker, that the use of the powers vested in this government has been accompanied by the sort of thing which goes with the exercise of powers such as these in the way in which this government has exercised them. It has bred lawlessness in this government. You will remember very well, Mr. Speaker, that one of the 25 orders in council has been kept secret. Although when parliament passed the statute it called for a tabling of these measures, nevertheless one has still been kept secret from the public by the government.

One last fact worthy of note in relation to the use of the powers under this act is

that since that notorious order in council was passed on April 17, 1953, the government has not found occasion and has not even found the need for any further use of these powers by way of pretext or excuse for the continuation of this measure.

We have had given to us time and time again the threadbare argument that the government must have standby powers in case the international situation should take a turn for the worse. Well, Mr. Speaker, I am going to suggest to you that that argument has been overworked. It is a dead horse now.

In the first place, parliament should be doing the legislating. Parliament can be called to meet upon very short notice. In 1950 parliament met on three days' notice. In the second place, parliament is capable of swift action in an emergency. If we do not believe that, if we do not believe that parliament is capable of appreciating the existence of an emergency and rising to the need in meeting it, then, Mr. Speaker, we have indeed betrayed parliamentary government. Parliament is capable of meeting these situations and we were elected for all such purposes.

In the third place, there evidently will be no election this year. It need not now worry any hon. members that there may not be a parliament in existence for any period during this year.

Then, sir, if an extreme emergency should suddenly and unexpectedly arise, I say to you, sir, that in the first place parliament ought to be summoned. If it is a matter of the gravest emergency, of the kind which faced this country in 1914 or 1939, there are on the statute books statutes capable of dealing with it. There is standby legislation already there.

Let me remind you, Mr. Speaker, that we of the official opposition have never suggested that the War Measures Act should be invoked in reference to any of these situations to which the government has referred as a pretext for asking parliament to vest in it these emergency powers. We have said no emergency powers are needed to deal with any existing situation.

Let the house remember that there are vast powers conferred on this government by parliament in other measures. Let me remind you, sir, of the very wide powers conferred on this government by the Defence Supplies Act. Under section 3 of that act the Minister of Trade and Commerce may:

> (a) buy or otherwise acquire, exchange, process, develop, repair, maintain, store and transport defence supplies;
>
> (b) acquire, store and maintain stocks of strategic materials, and other materials or articles entering into the manufacture of defence supplies or the construction, development, repair or maintenance of projects, and sell or otherwise dispose of such materials or articles and use the whole or any part of the proceeds . . .

And so on. These and more extended provisions in keeping with the sweeping powers conferred upon this government are in the subsection I have just read.

Consider also the provisions of the Defence Production Act, section 15 of which provides that the same minister:

> . . . may, on behalf of Her Majesty and subject to the provisions of this act,
>
> (a) buy or otherwise acquire, utilize, store, transport, sell, exchange or otherwise dispose of defence supplies;
>
> (b) manufacture or otherwise produce, finish, assemble, process, develop, repair, maintain or service defence supplies or manage and operate facilities therefor;
>
> (c) construct or acquire defence projects and sell, exchange or otherwise dispose of them;

And so on. That, and another following long list of very wide powers, have been conferred upon the government through the Minister of Trade and Commerce.

Let me also remind you, Mr. Speaker, that last week this house approved the extension for a further period of three years of the powers conferred upon this government in relation to the import and export of goods, and giving the governor in council power to impose limitations on the export and import of goods, particularly of strategic materials, except under government licence. Here are sweeping and ample powers adequate to meet the needs of legitimate government necessity under any situation now existing or likely to arise.

We must examine this situation in its essence. Parliament, a free and unfettered parliament, is and historically has been the champion of the rights and the freedoms of the people. Tie the hands of parliament, force on the part of parliament an abdication of its functions and its duties and you have taken the first long step towards intrusion upon and invasion of the rights and privileges of the people.

I have been speaking of the essence of the parliamentary method. The essence of the parliamentary method is just this: Parliament is elected to do all the legislating that is required in the interests of the Canadian people. It is of the essence of the parliamentary method that parliament alone legislates. It is also of the essence of our parliamentary system that the government is responsible to parliament. It is likewise of the essence of the parliamentary system that parliament functions in public, for the public to see and

to judge and for the public to bring responsible public opinion to bear upon members of parliament.

We are seeing here a renewal of the historic struggle between parliament and the executive branch of government. We see here in this situation and in this parliament, sad to say, a completely inverted relationship. We see a government supreme, tyrannizing over parliament. We see it using its sweeping powers in a way that no government should use them. We also see, Mr. Speaker, existing side by side with parliament another law-making body, namely the governor in council. That is a body that does not meet in public but meets in secret, and whose processes are not open to public review and cannot be observed by the public or by parliament before decisions are taken. It is not a proper legislative body, yet it is existing side by side with parliament here as a legislative body. It is functioning in secret and it can function with a quorum of four persons. Mr. Speaker, this is a carryover from the mentality of the war. Surely the time has come for this house to emancipate itself from the mentality of the war. When, if not now, will the government give up these sweeping and arbitrary powers? We have present in this measure all the elements needed to transform the Canadian democracy into a Canadian dictatorship and to transform the Canadian confederation into a centralized form of government. I do not say that this government is going to do that, Mr. Speaker; but our concern in parliament must be not to place it within the power of any government to work that wrong upon our constitution and upon democracy.

Mr. Speaker, under this measure and measures like it there has been under this government a decline of parliament, of respect for parliament and in the position of parliament. In putting forward this amendment we on this side of the house are fighting for the restoration of the power, the prestige, the dignity and the supremacy of parliament. We are fighting for the restoration of democracy. We are fighting for the restoration of parliament to its full vigour and stature as the champion of the rights and freedoms of the people. We are fighting for the restoration of the integrity of the constitution of this country, which has been badly battered at the hands of this government. In a word, Mr. Speaker, we are fighting for the restoration of responsible government. On the vote on this amendment there is now given to every hon. member the opportunity and the challenge to show by his vote where he stands on the issue of responsible government.

[Mr. Fleming.]

Mr. McIvor: Mr. Speaker, I should like to ask a question of the Minister of Justice (Mr. Garson) or the Minister of Trade and Commerce (Mr. Howe).

Mr. Knowles: Is this a speech?

Mr. McIvor: Is there any amendment asking for—

Mr. Speaker: Order. We are not in committee. This is a debate in the house. If the hon. member wishes to speak, he may do so but if he wants to ask questions he may not expect an answer unless the people to whom he is directing his questions are prepared to reply at the moment and make a speech themselves.

Mr. McIvor: Thank you, Mr. Speaker. Then I will ask myself the question. Is there before this house any amendment asking for the repeal of this act? I ask myself another question. Is there on the order paper any request for the extension of this Emergency Powers Act? If not, what are we talking about? To me it is just like one who talks to beat the air. We are talking about something that does not exist.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, the remarks made by the hon. member for Eglinton (Mr. Fleming) prompted me to rise at this time. He is incorrect when he makes the statement that the amendment now before this house gives to hon. members an opportunity of voting on the Emergency Powers Act. That statement is incorrect. Actually there is nothing before this house but a lot of noise.

For a start, the Leader of the Opposition (Mr. Drew), on the motion to go into supply, moved an amendment to the effect that legislation such as the Emergency Powers Act is offensive to the parliamentary institution. There is not any argument about that fact. There are, however, some things we must remember with regard to the Emergency Powers Act. First, that act is not before the house at the present time and it may automatically cease to exist at the end of May. The Prime Minister (Mr. St. Laurent) made that point quite clear. We are therefore not discussing the Emergency Powers Act at all. There is no proposal to amend it. As to the hon. member who just took his seat, of course it is his job and that of the opposition to beat the government and to prove to the people of Canada that they might do a better job. But I suggest that he is wasting a lot of energy because we are four years away from the time when that would be possible. I think the official opposition are shooting off their ammunition a little bit early, and that their timing is off.

Mr. Harkness: We have lots of ammunition.

Mr. Gillis: It has not been demonstrated in this debate.

Mr. Harkness: That is a matter of opinion.

An hon. Member: Shooting off blanks.

Mr. Speaker: Order.

Mr. Gillis: I like to try to be fair about these things. When the Emergency Powers Act came into existence, the hon. member and all members of this house voted for it.

Mr. Fleming: That is not correct, Mr. Speaker. An examination of the record clearly shows that this measure, on third reading in 1951, passed on division. If the hon. member looks at the record he will find that in what I had to say I was extremely critical.

An hon. Member: Were you against it?

Mr. Fleming: Yes. The record clearly shows that it passed on division.

Mr. Gillis: I am not going to quibble about that matter. In 1952 it was passed unanimously. But what brought it into being? The hon. member for Eglinton (Mr. Fleming) made it quite clear that we should not place the government in the position of having to invoke the War Measures Act if certain things had to be done when members were not here. Mind you, I am not saying that I agree with all the things the government does by order in council, but I also want to say this. Regardless of whether the Emergency Powers Act was there on the statute books or not, orders in council would be passed. The revoking of the Emergency Powers Act does not take from the government the right to pass regulations and orders in council. That right would still be there. I call to the attention of hon. members the fact that when section 98 of the Criminal Code was enacted there was no Emergency Powers Act. Nevertheless, a highly offensive statute was placed on the statute books of Canada at that time without an Emergency Powers Act. It took us a long time to get clear of it. I do not need to remind the hon. member what party was in power at that time. All of this argument, to the effect that we are going to abolish orders in council, the right to make regulations and all that kind of stuff by getting rid of the Emergency Powers Act is not correct.

I am afraid that as I see this debate developing, and from what I have read in the press during the past few weeks on other issues, it would seem that most of the arguments I have heard in this debate are a repetition of what I have read in the press from certain sections of Canada concerning taxing powers. I feel it is well that members should understand that. So far as I am concerned, I am not prepared to stand up in my place and vote on this amendment, thereby leading the people of the country to believe that I am voting to get rid of the Emergency Powers Act; that is not correct. All there is before the house at the moment is an attempt on the part of the opposition to beat the government on this question of too much power.

Now, let us take a fair look at the proposition. All members have stated that while these emergency powers are there, the great objection to them is that they have not been used; that they were not necessary. If they have not been used, then there has not been any undue exercise of power by the government. What brought the Emergency Powers Act into being in the first place was the fact that we were living in a very insecure world. The legislation is offensive because we do not want to be living in that kind of world. When you have to have that kind of legislation it is an indication you are living in that kind of world. In my opinion it is still that kind of world. While you have an uneasy armistice in Korea, no one can say that the war could not flare up again overnight. There was no formal declaration of war when that act of aggression took place. Our allies are fighting in Indo-China, and we are part of that war because we are part of the NATO set-up.

Some members say that it is only a matter of hours to get the members into this house from across Canada. So far as Ontario and Quebec are concerned, that may be true. It certainly is not true of the other parts of Canada. We had the experience of being called here during the railway strike, for example. It was impossible to come here by train, and it was impossible to get here by aeroplane within the time prescribed. I know that I had to drive up here in an automobile. Flying weather is uncertain. It is not correct to say that members can get here within a matter of hours. I suppose the thinking behind that statement is that nothing exists east or west of Ontario and Quebec, because that is the thinking in so far as other things are concerned. It certainly is not correct to say that the members could be here in a matter of hours.

So far as I am concerned, I am not prepared to vote on this propaganda statement; that is exactly what it is. When the Emergency Powers Act is before this house, if it does not expire in May, so far as I am concerned I shall look at the bill in the light of the circumstances then existing in the

world. I am not going to fool anyone now or let anyone fool me into thinking that I am voting on that act this afternoon. The Leader of the Opposition (Mr. Drew) talked about legislation and the great exercise of powers. I have said a good many times in this house, and I am prepared to say again, that so far as the province from which I come is concerned, if more power were exercised by this government a lot of the chaos that exists in industry and in other fields would not exist. I am not quarrelling with that at all. We have not got the power to legislate upon a lot of the matters upon which we should be legislating. I hope the time will come when we will have that power, because without greater activity on the part of the central government it is impossible to get equality of opportunity in many fields across this country.

I am not prepared at any time to maintain Canada as ten little Canadas rather than one big Canada. There is a lot of legislation that we should be handling in this parliament that would be in the best interests of the Canadian people, but unfortunately there are constitutional bars to that consideration. They will have to be ironed out through the regular democratic processes in consultation with the provinces. I rose to speak because, when the hon. member for Eglinton (Mr. Fleming) was taking his seat, he stated that every member of this house now had the opportunity of showing where he stood on the Emergency Powers Act. I wanted to make it quite clear that he was not fooling me. So far as I am concerned, he is not going to fool the country into believing this vote has anything to do with the Emergency Powers Act. I will oppose the government on a lot of things they are doing, and they would be doing those things if the Emergency Powers Act were not there, such as making agreements, arrangements, and issuing statements to the press that should be issued in this house. However, that has nothing to do with this debate. So far as I am concerned, I am going to vote against this motion, and reserve my vote for the time when the matter is in issue.

Hon. Stuart S. Garson (Minister of Justice): I should like, if I had no other reason for rising to my feet, to offer congratulations to the two last speakers. The hon. member for Fort William (Mr. McIvor) by asking two questions shed more light upon this whole matter than had been shed by several preceding speeches from the opposite side of the chamber. The hon. member for Cape Breton South (Mr. Gillis) continued the work of clarification that was begun by the two questions asked by the hon. member for Fort William. I wonder whether the hon. member for Cape Breton South will permit me to continue the process a little bit farther?

There is not only as he has suggested the matter of creating great sound and fury in this chamber in connection with this general subject matter. There is something even more serious than that involved, in my opinion, and that becomes quite clear when one carefully reads the resolution moved by the Leader of the Opposition (Mr. Drew). It reads:

> this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

Who granted those powers to the governor in council, Mr. Speaker? This parliament did so by the Emergency Powers Act. What the hon. member is urging, instead of bringing in a bill to repeal the Emergency Powers Act, is that parliament should criticize parliament for having given those powers to the governor general in council. Now, I know that it has been customary for our hon. friends in the opposition to attribute to the government, as if it were the fault of the government, the actions of this parliament, upon the ground that members of parliament who were elected to support the government should not carry out the mandate they have received from the people, upon the rather strange ground that they should not support government legislation when they come to parliament. But I would suggest, sir, that in casting their votes in this parliament in a manner to carry out the mandate they have received from their electors, they are not acting in any capacity other than as members of parliament, and the law which they vote for and the law which is passed, in this case the Emergency Powers Act, giving these powers to the governor general in council, is a law for which none other than parliament is responsible. Therefore, it seems to me that, sir, without raising any point of order—because I understand Your Honour has said Your Honour is prepared to receive this resolution which we are now discussing—it is very regrettable indeed that a statute which has been passed by this parliament—

Mr. Knowles: By the last parliament.

Mr. Garson: Yes, by the last parliament, but by the parliament of Canada at the time—should be stated as a grievance which the opposition tries to raise against the government on a motion to go into supply. Because, Mr. Speaker, if it is possible to do that in connection with this particular statute, why is it not possible in respect of any other statute on the statute books of the country? In that way, sir, a small minority group in

this parliament could postpone indefinitely parliament getting into committee of supply to consider the estimates—which, in my judgment, is one of the most important functions parliament has to perform, and one which is not always too well or too faithfully discharged because of the tendency upon the part of certain members in the house to protract debates upon other matters, so that there is not time left properly to consider the estimates.

As the hon. member for Cape Breton South (Mr. Gillis) has pointed out, at least by implication, surely if there were a sincere desire here to permit the house at this time to vote upon the question of the Emergency Powers Act, the proper method to have followed would have been for the Leader of the Opposition (Mr. Drew) to bring in a bill to repeal the Emergency Powers Act.

It is quite true that if he did not bring in that bill, the present act would expire by the mere efflux of time on May 31 next—and without all this debate and sound and fury. And it is also true that if, under the world circumstances existing in, we will say, the middle of May next, the government considered that it was warranted in asking parliament to give another year's extension of the powers in the Emergency Powers Act, a debate would then ensue upon that piece of legislation, in connection with which all the oratory we have heard today, in the abstract, could be much more pertinently, more relevantly and therefore more cogently applied to the question as to whether these emergency powers should or should not be extended for another year.

But if my hon. friends of the official opposition, not being content to wait for a few weeks until they could see what precisely were the circumstances in which the question as to whether the Emergency Powers Act should be extended would be decided, desire at this present time to have the house vote upon the principle of the legislation, then surely the sensible course for them to have followed would have been to bring a bill into the house to repeal the present Emergency Powers Act forthwith.

Nothing could be more ridiculous than that they should ask parliament to censure parliament in respect of that for which only parliament is responsible, namely the passage of the Emergency Powers Act, giving certain powers to the governor general in council. Supposing this amendment were to carry: would not the Canadian parliament cut a fine figure among intelligent people throughout the world when it became known that, in 1954, it had solemnly got together and, after careful consideration, upon motion of the Leader of the Opposition, had solemnly resolved that parliament—

—desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

Or, in other words, my hon. friend the Leader of the Opposition is asking that this parliament in 1954 move a vote of want of confidence in itself for what it did in 1953; only that and nothing more.

And it is not as if he needed to employ this particular vehicle to register the dissent of his party in this matter. For, by merely the efflux of time, perhaps the whole matter would have cleared itself without any debate at all. But if he could not wait until that time came, and wished to bring the matter before parliament in a form in which we could vote upon it with some dignity, then he should have brought in his bill forthwith to repeal the Emergency Powers Act.

For that reason, and for that reason primarily, and without going into all the arguments which the hon. member for Eglinton (Mr. Fleming) repeated this afternoon, I should think for perhaps the third or fourth time in the house, for my part I am quite content to vote against the amendment upon the ground that it is purely vexatious, and that it would be highly embarrassing to parliament itself for us to pass it.

Mr. W. M. Hamilton (Notre Dame de Grace): Mr. Speaker, the smokescreen of complicated verbiage which the Minister of Justice (Mr. Garson) has just tried to throw all around this question has been extremely well done. I congratulate him as a producer of smokescreens. There is nothing he can say, however, which can hide the essential fact of this case; and the essential fact of this case, as I see it, and as my colleagues see it, is that we do not like to have a government with secret controls, secret powers, and broad powers which are not subject to constant control and review by the House of Commons.

Mr. Garson: Will my hon. friend permit a question? If my hon. friend does not like that, why did not his party bring in a bill to repeal the act?

Mr. Hamilton: I am glad the minister has asked that question, because I am coming to it. In the course of his remarks he made the statement that it would not be right for parliament to censure parliament, and referred to the possibility of parliament in 1954 censuring parliament in 1953.

Mr. Speaker, the system of Canadian government is such that parliament is composed

of certain parties. The gentlemen who now form the government belong to a certain party. Any action this amendment suggests is not censuring parliament as such; I would feel that it is more definitely censuring actions this government has taken in past years, and particularly in 1953, when, over the vocal opposition of this party, it insisted upon perpetuating this iniquitous legislation.

I was most interested yesterday and again today to hear certain references to past statements by the Secretary of State (Mr. Pickersgill) and—I do not know which title to use, whether it should be the Minister of Defence Production (Mr. Howe) or the Minister of Trade and Commerce. I was just thinking how these clarified certain issues, and that at this point those gentlemen might be all right if only they could shut their mouths retroactively. Since they cannot do that, we have now set on the record for all time to come an attitude which is not good for the perpetuation of a free democratic government in this country.

It seems to me that it is wrong in this enlightened mid-twentieth century that this government, not this House of Commons but this government, should wish to deprive this house as a whole of powers which men have fought and died for almost since the dawn of history.

Three names were linked earlier today in a certain connection. Two of them were fairly recent, the third was not. The third was that of Cromwell of many hundreds of years ago. In the fight, turmoil and heat of that time we forged traditions and principles which have come down to us almost intact until the present time. During the past war the government instituted certain measures which may have been necessary at that time, but which they have perpetuated unto the present in a most unnecessary fashion.

It is almost axiomatic that once powers have been conceded to an executive committee for a special emergency—and originally that was the basis of this legislation—there is a deep-rooted resistance by that executive to the suggestion that they should be surrendered, even though the emergency is long past. It seems to me that was made crystal clear by the Prime Minister (Mr. St. Laurent) himself yesterday in only one sentence, Mr. Speaker, when he said in the course of his remarks, as reported at page 3217 of *Hansard*:

> I do not foresee any immediate occasion or any immediate reason for having to exercise the powers under the act.

If there is no immediate occasion and if there is no immediate reason, why then does he remain silent in the face of the repeated suggestions that these powers should be repealed? He does not want them; the government say they do not want to use them; and yet they want to keep them for some indefinite, unknown, vague reason in the future. It is the most specious argument, Mr. Speaker, that it is possible to introduce in support of this legislation which we dislike so vehemently.

A book was published recently called "The Passing of Parliament". Were I in a position to do so I should like to make it required reading at least for the gentlemen of the treasury benches, because it might gnaw at their vitals a little bit. As was pointed out very clearly, some of the things they are doing are not perhaps in the best democratic tradition, and there is one quotation from this book that I should like to introduce at this point. It is found at page 7, and reads as follows:

> In the last half-century there has been a shift in the centre of gravity from the floor of the House of Commons to the offices of the great departments of state, where in reality policy is framed. Parliament becomes year by year less of a governing council and more of a censor of executive acts.

It is hardly in the tradition of this house, and particularly it is hardly in the tradition of this great party, that we should sit here quietly and acquiesce in that shift and in that gradual closing down and further and further delimitation of the powers, responsibilities and opportunities of this house to examine the legislation which comes before us. Because this issue is so clear, because it is so definite, Mr. Speaker, I do not think that I need to take up any more time of the house save for a moment to look once again at the wording of this amendment. It is one of the interesting aspects of this debate that the amendment has been repeated so many times. Perhaps the reason for that is that the amendment carries within itself the great weight of debate that should force people to vote in its favour, because it says:

> this house desires to record its opinion that the powers granted to the governor in council under the Emergency Powers Act are repugnant to responsible parliamentary government.

The powers which are granted under that legislation are powers which should normally be exercised by this house. To the extent that they have been taken away from this house we have lost something which has been traditionally and rightly ours. To the extent that the gentlemen on the treasury benches and the others behind them, who speak so little, oppose this amendment, they are defending the type of government, or the tendency toward the type of government,

which is one that we have fought against and as a nation we have opposed throughout our history.

I have one more thing to say. I am delighted to see the gentlemen over there and the gentlemen to my left working together and agreeing in their attitude on this legislation, because, Mr. Speaker, if there is one thing which the gentlemen to my left will need if—and I hope it never comes—they come into power in this country, it is some measure by which they can cloak the actions which they will want to take to turn us into a socialist state, some measure by which, without proper supervision by this house, they can proceed to do things which the people of this country would not want to approve. And I suggest that when we see these two groups linked in opposing this amendment we begin to see come out from underneath the dark clouds and from underneath the covers some of the very objectionable features of this government.

Mr. Speaker: Is the house ready for the question?

The house divided on the amendment (Mr. Drew) which was negatived on the following division:

YEAS

Messrs:

Aitken, Miss
Argue
Balcer
Bell
Blackmore
Blair
Bryson
Cameron (Nanaimo)
Campbell
Cardiff
Casselman
Castleden
Charlton
Churchill
Coldwell
Dinsdale
Drew
Ellis
Fleming
Fraser (Peterborough)
Fulton
Gagnon
Girard
Green
Hahn
Hamilton
Hansell
Harkness
Herridge
Hodgson
Holowach
Howe (Wellington-Huron)
Johnson (Kindersley)
Jones
Knight
Knowles
Leboe
Lennard
Low
Macdonnell
MacInnis
MacLean
McCullough (Moose Mountain)
McGregor
Mitchell (London)
Monteith
Murphy (Lambton West)
Nesbitt
Nicholson
Nickle
Patterson
Perron
Poulin
Quelch
Regier
Rowe
Shaw
Small
Stanton
Starr
Stewart (Winnipeg North)
Thatcher
Thomas
White (Hastings-Frontenac)
Winch
Wylie
Yuill
Zaplitny—68.

NAYS

Messrs:

Anderson
Applewhaite
Ashbourne
Balcom
Batten
Benidickson
Bennett (Grey North)
Bertrand
Boivin
Bonnier
Boucher (Restigouche-Madawaska)
Bourget
Breton
Brisson
Brown (Brantford)
Brown (Essex West)
Bruneau
Buchanan
Byrne
Cameron (High Park)
Campney
Cannon
Caron
Carter
Cauchon
Cavers
Chevrier
Clark
Claxton
Cote
Crestohl
Croll
Dechene
Decore
Denis
Deschatelets
Deslieres
Dickey
Dumas
Dupuis
Enfield
Eyre
Fairey
Forgie
Fraser (St. John's East)
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Nickel Belt)
Gauthier (Portneuf)
Gillis
Gingras
Goode
Gour (Russell)
Gourd (Chapleau)
Gregg
Habel
Hanna
Hardie
Harris
Harrison
Healy
Hellyer
Hollingworth
Hosking
Houck
Howe (Port Arthur)
Huffman
Hunter
James
Jutras
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Shelburne-Yarmouth-Clare)
Lafontaine
Langlois (Berthier-Maskinonge-Delanaudiere)
Langlois (Gaspe)
Lapointe
Leduc
Legare
Lesage
Lusby
MacDougall
MacEachen
MacKenzie
Macnaughton
McCann
McCubbin
McCulloch (Pictou)
McDonald
McIlraith
McIvor
McMillan
McWilliam
Mang
Martin
Masse
Michaud
Monette
Murphy (Westmorland)
Nixon
Pearson
Philpott
Picard
Pickersgill
Pinard
Pommer
Pouliot
Power (St. John's West)
Proudfoot
Prudham
Purdy
Reinke
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Robertson
Robinson (Simcoe East)
St. Laurent
Schneider
Shipley, Mrs.
Stick
Stuart (Charlotte)
Studer
Thibault
Tucker
Valois
Viau
Villeneuve
Weaver
Weir
Weselak
White (Waterloo South)
Winters
Wood—134.

Mr. Speaker: I declare the amendment lost.

CANADA GRAIN ACT

Mr. H. R. Argue (Assiniboia): Mr. Speaker, I rise to bring to the attention of the house a grievance having to do with a motion adopted by the committee on agriculture during the last session of parliament recommending that the government should consider the advisability of referring the Canada Grain Act to this committee on agriculture for study at a future session of parliament. Also, the statement made by the Minister of Trade and Commerce (Mr. Howe) in reply to a question I asked him on this matter on December 16. My question, as reported at page 970 of *Hansard,* was as follows:

Can the minister say whether the committee on agriculture and colonization will be called together early in the new year in order to review the Canada Grain Act, as recommended by that committee at the last session of the house? As the minister is aware, it would be called for the purpose of discussing the question of overages and box car distribution.

To this the minister replied:

My hon. friend is aware that it is not the duty of any minister to call committees together. As a member of the committee in question, my hon. friend is in a position to do so. I have no amendments to the Canada Grain Act to recommend. There will be later in the session matters that I will wish to refer to the committee; but the subject matter of its business, I assume, will be determined by the committee.

I asked this supplementary question:

Has the minister any objection to the government's carrying out the committee's recommendation, that the Canada Grain Act be referred to the committee on agriculture for study?

To this the minister replied:

I have nothing to do with the matter. If the committee meets and desires to undertake that work, I shall endeavour to co-operate. But I have no wish either that it should be done or should not be done.

Following that statement by the minister, Mr. Speaker, I communicated with the chairman of the agriculture committee, the hon. member for Provencher (Mr. Jutras), and I suggested to him that the committee should be called together to consider whether at this session we should undertake a review of the Canada Grain Act.

In reply to my letter the hon. member for Provencher pointed out, I believe quite correctly, that according to the standing orders of this house a committee can only consider matters which have been referred to it by the house. Therefore, according to the chairman of the committee, the committee can undertake a review of the Canada Grain Act only when a motion is passed by the house directing that such a review be undertaken.

On Monday, March 15, the Minister of Trade and Commerce (Mr. Howe) presented a motion to refer the annual report of the Canadian wheat board, together with the annual report of the board of grain commissioners, to the committee on agriculture. My point is that in that recommendation there was no inclusion of a study of the Canada Grain Act as recommended by the committee on agriculture during the last session of parliament. On the important issue of reviewing the Canada Grain Act, which has not had a general overhaul since 1930, the minister says it is up to members of the committee. Then when a member of the committee endeavours to have the committee undertake such a review he finds that, according to the chairman, a committee can undertake the review only when matters are referred to it by the house and when those matters are included in its terms of reference.

I think that the members of the committee on agriculture last session unanimously came to the conclusion that it was time for an overhaul of the Canada Grain Act. Certainly they came to the conclusion that it was time a thorough study was made of the provisions of the Canada Grain Act.

The Canada Grain Act came into existence in 1912, being a substitute then for a previous act, namely the Manitoba grain act. There was a general overhaul in 1930. There has been no substantial review of the Canada Grain Act since 1930. By refusing to refer the Canada Grain Act to the committee on agriculture I think the government is breaking faith with and flouting the wishes of the members of that previous committee. That previous committee of this house studied the Canada Grain Act and found that a further review should take place. Last year we held quite a number of meetings. Our evidence extended to 162 pages and we discovered, with respect to the Canada Grain Act and its administration, a great many things that should be the subject of review. The whole question of grain overages was a bone of contention. I think it is fair to say that the members of the board of grain commissioners left a great many questions unanswered. There were put to the members of the board some extremely important questions that they were unable to answer.

I think our experience last year demonstrates that there needs to be an overhaul in the personnel of the board of grain commissioners. Certainly there needs to be a review of the authority contained in the Canada Grain Act. We were unable to get information as to the quantity of grain that was lost through drying. We were unable to get a breakdown of hundreds of thousands of bushels of overages and shortages in the various grades other than the straight commercial grades. We reviewed what has since

come to be known as the Brancepeth case where a farmer endeavoured to demand the right to unload his grain at the elevator. To say the least, the evidence we received in that committee was highly conflicting. The authorities in charge, according to the evidence they submitted to that committee, were anything but consistent in the stand they had taken in relation to this particular case. I think it is time that that part of the Canada Grain Act was reviewed so that we may find out once and for all just what a farmer's rights are under the present act; and in the light of that information the committee can consider whether or not changes should be made in the present Canada Grain Act.

There is one further thing that came before the committee last year that should be thoroughly reviewed, in my opinion, during the present session, namely the section of the act dealing with the distribution of box cars. The distribution of box cars is a bone of contention in western Canada. I have certain ideas as to how box cars can better be distributed. The minister has said that those particular ideas would not work out satisfactorily. However, of this I am sure. If the committee on agriculture is requested to review the section of the Canada Grain Act having to do with the distribution of box cars and the car order book, and if we are given the right to call witnesses from the various farm organizations, a workable solution to this problem can be obtained.

My point in rising this afternoon, Mr. Speaker, is simply this. As reported at page 970 of *Hansard* of December 16, 1953, the Minister of Trade and Commerce (Mr. Howe) informed me how the committee itself might undertake a review of the Canada Grain Act. He went further. He told us he had no opinion himself as to whether the Canada Grain Act should or should not be reviewed at the present session. I now inform him that I have endeavoured to have the committee called together as he suggested in the statement to which I have referred and that as a member of the committee I am informed by the chairman that I have not the right to have the committee consider such a review. In the light of the experience we had last year in the committee, the evidence given in that committee, and the fact that a recommendation was made to this house asking that the Canada Grain Act be referred to the committee at a future session of parliament, I ask the minister now whether he will not during this session present a motion referring the Canada Grain Act to the standing committee on agriculture and colonization for review.

I want to say that, as to any questions I have placed on the order paper this session with regard to some of the matters I have raised, the answers have been much better than those I have received previously; the answers have been much more complete. However, I suggest to the minister that referring the report of the board of grain commissioners covering a period of time that is already in the past is not sufficient and that the members of the committee on agriculture should be given the right and the authority to review the act and to see whether the points in the act that apparently do not completely meet with the wishes of the western producers at this time cannot be met by suggested amendments. I can certainly see no harm in the committee's undertaking such a review. I think a great deal of benefit might result from it.

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, I believe that the minister in charge of the Canada Grain Act has followed the usual practice. As soon as the report of the board of grain commissioners was available it was tabled and referred to the committee. I have attended the committee in the last few years and I have never known of any reluctance on the part of the committee, in studying the report of the board, to discuss the Canada Grain Act. It always has been discussed and, I presume, not without authority. Certainly the discussion has usually hinged on the terms of the Canada Grain Act. The report of the wheat board was also tabled as soon as it was available, and with the report of the board of grain commissioners is referred to the committee. The committee is now free to proceed to study both reports, and I presume it has ample latitude to study the foundation of the report, which is the legislation that brings both of those organizations into being.

My hon. friend said, why not have the committee start at the beginning of the session and make a complete review? I do not recall any government saying to any committee of this house, take this act and tell us what is wrong with it. If the government knows of anything wrong with an act the government puts forward an amendment of its own, sends that to a committee and allows the committee to deal with the amendment and with the act as it sees fit. However, I have asked the board of grain commissioners if they know of any desirable amendment, and I am told that they have nothing to suggest. I have discussed the matter with farm organizations, and I find that they have nothing concrete to suggest.

The hon. member has referred to the matter of the distribution of box cars. My hon. friend has closed that door himself. He has advocated his ideas on the floor of the house, and his bill has been rejected by the house. Surely he does not expect to have another debate on the distribution of box cars at this session. I believe that is quite obvious. I have never tried to minimize the discussion of wheat matters. I have gone beyond the ordinary rule in answering questions in this house. I have answered questions that under the practice built up over the years perhaps should not have been answered. The practice has been that we do not discuss the marketing of wheat from the current crop. In other words, we do not answer questions bearing upon marketing in the current marketing year. However, I have stretched that rule to the limit.

Today hon. members are in a position where a committee meeting can be called and officers of the wheat board or the board of grain commissioners can be called before the committee. Witnesses from any farm organization can be called and, so far as I know, so long as the subject is one that is touched upon in either annual report any questions can be asked of those witnesses.

Now, my hon. friend asks why this is not the year to spend the whole session investigating the wheat board.

Mr. Argue: Not the wheat board, I never mentioned the wheat board.

Mr. Howe (Port Arthur): Well, the board of grain commissioners. This is perhaps as difficult a year from the point of view of the board of grain commissioners as any year we have ever experienced. We have congestion from one end of the handling system to the other. I know the board of grain commissioners are being run ragged, if you will allow that unparliamentary expression, in trying to deal with the situations that arise from day to day. I doubt if any responsible member in this house would say that work should be suspended and the board of grain commissioners, instead of functioning in the usual way, must come to Ottawa and start functioning in a wholly different way. I know of no other way of overhauling the grain act except to have the experts here in Ottawa to help in the discussion.

I am willing to be reasonable about these things. I believe the thing in which the western farmer is interested is in getting his wheat to market and having it converted into cash. Every Department of Trade and Commerce official is directing his effort towards that end. I have noticed that the farm organizations are very reasonable. They seem to agree with my viewpoint. They say that when everything is abnormal in the grain situation as it is today, that is not the time to enact legislation designed for years in the future. I think that is agreed. I believe that if my hon. friend will reflect he will realize that the energies of our experts can be better devoted to present-day responsibilities than to his purposes. I have heard no great echo of his purposes from other hon. members in this chamber. I have not heard any member stand up and say, that is the thing we should do. I believe most members are responsible enough to know that we should get on with the main job, which is marketing this wheat.

Mr. Argue: They echoed it a year ago.

Mr. Howe (Port Arthur): My hon. friend has not been able to carry his views. The reason the house has not complied with his wishes that these matters be referred to the committee is that not too many people agree with him. I have noticed the tendency lately of the opposition party to believe that parliament exists wholly in the opposition. The other side does not count if the opposition wants to do something. That is a theory that should not be adopted in this house.

Mr. Coldwell: We have learned differently from time to time.

Mr. Howe (Port Arthur): That is my view, but nevertheless I have no desire to stifle the committee on agriculture or any other committee. I ask the committee to be reasonable in the demands that they place on an organization that is busily engaged in other ways. If it is a case of getting the board of grain commissioners to come down here for a week or perhaps two weeks—any reasonable period —there is no objection to that. However, to ask them to come down here for a month or a period of months might well wreck the grain handling situation in the west. My officers are geared to that kind of operation. I am quite willing to ask the board to come here. I am quite willing to ask the wheat board to come. I shall be glad to do so whenever the committee indicates that the time is convenient to them. In this year I am not prepared to go beyond that, and make unusual demands on the time of either body.

Mr. Argue: I should like to ask one question before the minister sits down. From his statement, I take it he has no objection to hearing representatives of the various farm organizations on any point whatever in the Canada Grain Act, even though it might not appear in the annual report?

Mr. Howe (Port Arthur): Fortunately, I am not in the position of having to hear them because I am not a member of the committee. I have no objection to the committee hearing anyone it may wish to hear.

Mr. Speaker: Before another hon. member speaks, I want to make one observation. I am seriously asking myself if it is a proper grievance to submit to the house on this motion to go into supply to say that the chairman or the majority of members composing a committee refuse to call a committee meeting for certain purposes. I was listening to the remarks of the hon. member for Assiniboia (Mr. Argue). I assure hon. members that I shall study this point carefully, especially after the debate we have had on the amendment moved earlier in this debate.

It seems to me the remarks made by the hon. member do not constitute the proper type of grievance that could justifiably be brought before the house on a motion to go into supply. I know the hon. member will be looking at the citations that refer to any matter coming under federal authority. The citations cover a great deal of territory. According to those two citations that appear in Beauchesne, third edition, 345 and 467, it would seem that one could speak about anything under the sun. It seems to me that what is developing is that if the majority party refuses to introduce a bill or to repeal a bill or to continue an act for a further period; if a committee that is a standing committee of this house is not called, then that is a grievance.

I am reminded of what appears in the introductory remarks to Beauchesne, third edition, where it says:

> The basis of the British constitutional system is that the recognized leader of whichever political party has gained the greatest number of seats at a general election should be called to form a cabinet and that there should always be an alternative government. When the party in power has lost the confidence of the House of Commons, the Governor General should be able to entrust the administration of the nation's affairs to His Majesty's loyal opposition.

And in a later paragraph, the following:

> It is essential that the Prime Minister and his colleagues should trust their supporters to assist them in carrying the cabinet's legislative program through parliament. If the administration is to fulfil its pledges to the electors, it must be able to count upon the loyalty of its followers in the House of Commons.

It then goes on to say that each political party should be well organized, and so on.

It seems to me that the matters brought up as grievances have to do with the machinery provided by the House of Commons for the purpose of studying legislation, and that hon. members to my right, who have been directed to administer, are the ones who are to say whether or not they want to review a certain matter, or to review an act, and whether they want to use a committee for that purpose.

I believe the hon. member for Assiniboia (Mr. Argue) asked the minister earlier in the session if he would object to having the committee called for the purpose of reviewing the act. Indeed, I think the hon. member quoted the question and answer. Now, at a later time, because he is not satisfied with the answer received on December 16, or the letter received from the hon. member who has been appointed chairman of the committee, he says, "This is a grievance, and, on the motion to go into supply, I will bring it up as a grievance".

I assure hon. members that I shall study the point carefully, but it does not seem to me right now that this matter should be called a grievance which justifiably can be brought before the house on this kind of motion. I do not think it can.

Mr. Knowles: Would you permit, Mr. Speaker, one suggestion as to a matter which might be taken into consideration when you are studying the point, as you have promised. Would you take note of the fact that my deskmate, the hon. member for Assiniboia (Mr. Argue), has based his claim to the fact that he has a grievance on a report from last year's standing committee on agriculture and colonization, as it appears at page 667 of *Votes and Proceedings* for Tuesday, May 12, 1953. That report included a recommendation approved by, if I may use Your Honour's words, members to your right, and it was precisely because of the decision taken with the approval of the majority side of the house last year that the matter is now raised.

Mr. Speaker: As my hon. friend knows, the decision of a committee in a previous session does not bind hon. members in a following session. Everything stops at prorogation. There is an interruption of proceedings. To use the words of May, proceedings are quashed by prorogation.

However, as I said, I want hon. members to consider the point I have made, because it seems to me if we are to be in a position where any refusal by the government to consider a certain matter raised by hon. members to my left is to be considered as a grievance, then we are initiating a practice which I suggest was not contemplated in the rules governing the airing of grievances.

I know all hon. members are interested in maintaining the traditions of the house and

not embarking upon a practice which would not be in conformity with the rules. This is what I am concerned about, and it is only in that spirit my comments have been made. I know hon. members will want to co-operate with me in trying to clear up this matter. However I do not think this is the right type of grievance to bring in on a motion to go into committee of supply.

We have heard now from the official opposition and the C.C.F. and I would at this time invite a representative of the Social Credit group if one wishes to speak. If not, I will hear the hon. member for Chicoutimi (Mr. Gagnon).

Mr. Blackmore: I would like to speak on another matter, that of old age pensions. If it is in order I shall do it now.

Mr. Speaker: Is the debate on the Canada Grain Act concluded? If so, the hon. member may proceed or allow the hon. member for Chicoutimi to speak; he can follow him.

INCOME TAX—PROVINCE OF QUEBEC

Mr. Paul E. Gagnon (Chicoutimi): Mr. Speaker, I should like to take this opportunity to call the attention of the government to a matter which is highly important for the citizens of this country.

The legislature of the province of Quebec has recently passed an act levying a personal income tax. The main object of this bill is to safeguard the autonomy of the province in the educational field, and to assist universities by giving them grants. It also provides for social and health improvements. In other words, the purpose of this bill is to promote the interests and the welfare of the people.

(Translation):

Mr. Speaker, excellent in its principle and purpose, this act has the approval of all who consider the prime interest of their country above party politics. The federal authorities are now constitutionally bound to co-operate in its operation.

Among the exclusive powers of provincial legislatures under section 92 of the British North America Act, we find "Direct Taxation within the Province". It is true, however, that section 91 recognizes the right of the federal parliament to "raise money by any mode or system of taxation". These wordings are not contradictory; rather they indicate that the provinces, with an exclusive right on direct taxation, have unquestionable priority in that field.

Until the end of the first world war, that is for nearly half a century, the central government generally refrained from resorting to this taxation. It was only in 1917, after solemn statements to the effect that this encroachment was only temporary, that it entered this field, never to leave again.

In 1942, the provinces made an agreement with the federal government, under which they yielded, for the duration of the war, their right to levy personal income tax, as well as the tax on corporation income and capital. The federal government then formally undertook to facilitate the use of these sources of revenue by the provinces at the end of the war. The agreement prescribed that:

> The federal government shall have the exclusive right to collect personal and corporation income tax for the calendar year ending on the thirty-first day of December nearest to the date of termination of the present agreement and undertakes to reduce the rates of the said personal and corporation income taxes, for the next calendar year, by an amount sufficient to allow the province to re-enter the field of personal and corporation income tax and particularly to reduce its rate of taxation on corporation revenues by at least 10 per cent of such revenues.

In 1941 the Hon. Mr. Ilsley stated: "It is proposed, therefore, as a temporary expedient for the duration of the war only, to ask the provinces to vacate these two tax fields". The minister of finance was referring to personal and corporation income taxes, recognizing at the same time that these taxes rightly belonged to the provinces.

According to official statistics the net income of the ten provinces of the Canadian confederation for the fiscal year 1952-1953 amounted to $1,220,889,000; the government's contribution to this over-all budget was $333,277,000, which represented 27·3 per cent of the grand total. From that federal source, the province of Quebec received $4,211,000, that is 1·49 per cent of its total budget for the fiscal year, of $281,735,000. The details are as follows:

Provinces	Total Revenues	Federal Contribution
Nova Scotia	$45,228,000	$20,360,000
New Brunswick	46,401,000	16,333,000
Prince Edward Island	7,133,000	3,939,000
Ontario	339,566,000	127,442,000
Manitoba	53,737,000	28,173,000
Saskatchewan	88,960,000	28,193,000
Alberta	142,467,000	35,440,000
British Columbia	184,737,000	48,579,000
Newfoundland	30,925,000	20,107,000
Quebec	281,735,000	4,211,000

Thirty-five per cent of the sum of $333,277,000, which was subsequently divided among the ten provinces by the federal government, was contributed in taxes by the citizens of the province of Quebec; thus, Ottawa's generosity has cost Quebec taxpayers over $100,000,000.

In 1952-1953, a federal contribution of $20,107,000, or 62·05 per cent of the total revenues of $30,925,000 of Newfoundland, was received by that province. Prince Edward Island, Nova Scotia, New Brunswick and Manitoba also benefited from federal assistance to an extent varying between 40 and 50 per cent of their fiscal needs for the year 1952-1953. The proportion decreases for the more prosperous provinces of British Columbia, Alberta and Ontario.

As may be seen, Quebec's refusal, in principle, to enter into tax-rental agreements which are profitable to other provinces, can be quite costly.

An editorial published in *Le Soleil*, a Liberal party organ, reads in part as follows:

So much the better for them, until the day when they may perhaps regret having thus forsaken part of their jurisdiction for the benefit of a centralizing government.

It continues:

It remains doubtful whether the governments of those provinces have the right to commit in such a way, for so long if not forever, assets and powers granted to them by the British North America Act. However, it is up to the legal experts to study this important point. In the meantime, without recrimination and without envy, French Canada regrets it has not their strong support in its demands for privileges, rights and powers it has particular reason to defend as a sacred heritage.

Indeed, the province of Quebec is sustaining heavy material losses in having to fight alone against the encroachments of a centralizing government. Whatever financial hardships it may endure, it considers as even more important privileges and freedoms recognized by various treaties in which British honour was involved. Those privileges and freedoms have been guaranteed by the confederative pact and without that guarantee, our religious and political leaders would have been wary to approve it. In addition to what she may derive from her inheritance, the province of Quebec is determined to keep control over her civil laws, her education and religious freedoms and her social traditions. She is counting on the fairness of her witnesses and friends in the other provinces to recognize eventually that her cause is just and honourable.

Mr. Leopold Richer, in *Notre Temps* of February 13 last, expressed the opinion that—

—a province that lives on federal grants (statutory or not) is no longer free—

The arrangements between the federal government and the other provinces are merely temporary expedients which the federal government wants to place on a permanent basis and which only tend to aggravate the present constitutional difficulties without bringing about a satisfactory solution. It is a discriminatory system. On the other hand, it is incorrect to allege that these arrangements entail a lessening of the taxation burden. The state does not create wealth; its function is merely to redistribute the revenue collected from the taxpayers.

In fact that system of agreements has made the provinces dependent upon the central power, instead of being partners as they were previously. They are now at the mercy of federal subsidies.

Ottawa thus controls the whole economy of Canada; it is pure and simple socialism. Fiscal centralization brings about political centralization. We cannot accept it, because it is incompatible with the exercise of authority and opens the door to the abuses resulting from fiscal irresponsibility.

(Text):

Mr. Speaker: Since it is five o'clock the house will consider private and public bills.

PRIVATE BILLS

NORTH AMERICAN BAPTISTS INC., (CANADA)

Mr. John M. James (Durham) moved the second reading of Bill No. 378, to incorporate North American Baptists Inc., (Canada).

Mr. Green: Will the sponsor explain this bill?

Mr. James: This bill, entitled an act to incorporate North American Baptists Inc., (Canada), is similar to several others that have passed through this house in the past three years. Its prime objective is to establish a legal entity which will have authority to hold title to property within Canada and in any of the provinces of Canada.

Perhaps some may wish to have information concerning the group known as the North American Baptists. I should tell you that it is an unincorporated association of Baptist churches spread over the United States and Canada. At the moment they have 62 churches in Canada, and a total membership of over 9,000 people. The group has been functioning on this continent for over a hundred years, and I understand is well and favourably established. In Canada their main strength is in the four western provinces.

That, Mr. Speaker, is a very brief summary of this organization. As hon. members know, the passing of this bill on second reading will automatically result in its being referred to the standing committee on miscellaneous private bills, and I would hope that it would soon reach that committee.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

Private Bills

COMMERCE MUTUAL FIRE INSURANCE COMPANY

On the order:

House again in the committee of the whole on Bill No. 198, an act respecting Commerce Mutual Fire Insurance Company.—Mr. Eudes.

Mr. Knowles: Is the sponsor here?

Mr. Harris: Stand.

Mr. Speaker: The order is "house again in committee of the whole." If the committee of the whole does not wish to proceed with the bill they will have to report progress and ask leave to sit again, but at this moment I must leave the chair.

The house in committee on Bill No. 198, respecting Commerce Mutual Fire Insurance Company—Mr. Eudes—Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Name changed.*

Mr. Green: Mr. Chairman, when the bill was in committee on Friday last the hon. member for Greenwood asked for an explanation from the sponsor. The sponsor not being here, the bill was stood over. I am afraid the sponsor is not here today, and I suggest that it be stood until he is here to explain it.

Mr. Harris: Mr. Chairman, it is obvious if one reads the bill that it deals only with the changing of names and the like, and unless there is any particular objection registered by any hon. member I would hope that we could pass it. The marginal note to clause 1 is "name changed", and certain rights are saved. Clause 2 has to do with the coming into force of the measure. Persons affected by the bill not having made any representations, it seems to me that it is perfectly sensible for us to pass it in the normal course.

Mr. Green: For the sake of the prestige of parliament I suggest that it is not very wise to pass a bill without the sponsor being here. Surely members of the house are entitled to have an explanation of the bill from the sponsor. If he cannot be here today perhaps he can be here on Friday. Just because a bill may appear simple is surely no reason why it should go through the house without hon. members being able to obtain—

Mr. Knowles: That is no reason to make parliament look simple, too.

Mr. Green: —one word of explanation about it at all. Probably there is nothing objectionable in the bill, but it is the principle that worries me, that members can put their names down as sponsors of bills, not bother coming here, and expect the rest of us to pass them without explanation. I suggest that is going very far and that it is a practice which should not be supported in the house.

Mr. Harris: Under those circumstances, Mr. Chairman, I suggest that you rise, report progress and ask leave to sit again, but should the same thing occur on Friday I shall undertake to sponsor the bill myself.

Clause stands.

Progress reported.

INDUSTRIAL RELATIONS

AMENDMENT OF CHAPTER 152, REVISED STATUTES OF 1952—VOLUNTARY REVOCABLE CHECK-OFF OF UNION DUES

The house resumed, from Friday, February 26, consideration of the motion of Mr. Knowles for the second reading of Bill No. 4, to amend the Industrial Relations and Disputes Investigation Act (voluntary revocable check-off).

Mr. Angus MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to say a few words in support of this bill. It is one that has been before the house and has received consideration on a number of occasions. As was pointed out by the sponsor of the bill, the hon. member for Winnipeg North Centre (Mr. Knowles), when the industrial relations and disputes investigation bill was being considered by the standing committee on industrial relations in 1948 the committee approved a section of this kind in the bill. When the bill came back to the house the action of the committee was rescinded. The hon. member for Winnipeg North Centre has persisted in introducing this measure session after session, and it has received increasing support in the house.

At the last session, after some debate in the house, the bill was referred to the standing committee on industrial relations and that committee approved the principle we are now discussing. Some objection was raised to this measure by one of the speakers who has opposed it on the ground that it has some compulsion in it. May I point out that the Industrial Relations and Disputes Investigation Act is in itself an act of compulsion. Section 12 of the act reads as follows:

Where the board has under this act certified a trade union as a bargaining agent of employees in a unit and no collective agreement with their employer binding on or entered into on behalf of employees in the unit, is in force,

(a) the bargaining agent may, on behalf of the employees in the unit, by notice, require their employer to commence collective bargaining; or

(b) the employer or an employers' organization representing the employer may, by notice, require

the bargaining agent to commence collective bargaining; with a view to the conclusion of a collective agreement.

There you have compulsion, and compulsion was necessary because of the resistance of employers in this country to collective bargaining on the part of their employees. Those of us who were interested and active in trade union matters during the war years and before remember that the chief cause for dispute between employers and employees in the war years was the refusal of employers to recognize trade unions.

It is because of that refusal that the Industrial Relations and Disputes Investigation Act was put on the statute books. It laid down that where there is a union and it wishes to enter into collective bargaining with an employer, that employer must enter into collective bargaining with that union. On the other hand, where the employer wishes a collective agreement with his employees through their trade union organization, they in turn must bargain collectively. Since the passage of this act there has not been the same difficulty in the matter of getting employers to recognize trade unions. The provisions of the act obviated that. But now that the labour market has become more favourable to employers, the employers are again beginning to resist trade union organization.

The measure before us proposes that where a unit having a collective agreement with an employer asks for the voluntary revocable check-off on behalf of the membership of the union, the employer shall concede that, but only when the employee in writing makes a request. The employer need continue it only until the employee in writing withdraws the request.

Some people are afraid that members of a union have no freedom of action. Such people either have very little acquaintance with trade unions by experience through being a member, or they have acquaintance with very badly run trade unions. I have been a member of a trade union, though not actively, for some years now. In fact, I have been an active member and a card-carrying member for pretty close to 45 years. For some years I have been the business representative of that union, and I have not seen exercised any compulsion such as hon. members fear.

It is a fact that in the world in which we live, due to the fact that some people refuse to carry a fair share of their social responsibilities, their trade union responsibilities, or their responsibilities as a citizen, compulsion has to be exercised. But that compulsion is exercised according to certain rules and regulations which makes it fair to everyone.

I was rather interested in some of the remarks made by the hon. member for Timiskaming (Mrs. Shipley), when she spoke on this bill some days ago. She referred to the fact that she was particularly shocked recently to read in a newspaper some very harsh words hurled at the premier of the province of Ontario. I do not see anything wrong with anyone criticizing a premier of a province, if that person feels like it, or even criticizing the Prime Minister of Canada if a person feels like it, or the Leader of the Opposition (Mr. Drew), or anyone else, as long as that criticism is in restrained and proper language. I am sure the hon. member for Timiskaming has not been lending a close ear to some of the criticism which is made in this house, otherwise she would be shocked much more, I believe, than in reading criticism in the newspaper, because I have heard criticism in this house, not only of the living, who can defend themselves, but of the dead who cannot defend themselves. That, in my opinion, is far more shocking than criticizing a premier who can talk back.

I gather too from the remarks of the hon. member for Timiskaming that she is not in favour of applying compulsion to membership in a union. She would be quite willing that members of a trade union organization should reap the benefits without paying a share of what it costs to obtain these benefits. Unfortunately for the hon. member, in this country we have had decisions on that point, and I refer particularly to the award of Mr. Justice Rand in the dispute between the Ford Motor Company and the United Automobile Workers. I would like to quote briefly from this very important document. Mr. Justice Rand states:

It may be of some interest that the Ford Motor Company in the United States with over 100,000 employees affected, has accepted the union shop and check-off in all of its production and assembly plants and units in that country. On the other hand, the employees as a whole become the beneficiaries of union action, and I doubt if any circumstance provokes more resentment in a plant than this sharing of the fruits of unionist work and courage by the non-member.

Those of us who know something about labour organization know that, as Mr. Justice Rand points out, it not only requires work to organize some industries, but it also requires courage and, as he says correctly and truly, it creates the greatest resentment when those who benefit by the result of the organization are not willing to support it either by their work or by their money. Mr. Justice Rand did not suggest that all the employees of the Ford Motor Company should become members of the union, but he did suggest, and this is what has become known as the "Rand formula", that every employee who benefits

under an agreement should pay dues equal to that paid by members of the union, whether he is a member or not.

We do not, as taxpayers, object when those who refuse to pay their taxes are compelled to pay them, which, in effect, is practising the principle involved in the Rand formula.

The hon. member for Timiskaming is also worried about the irresponsibility of trade unionists. I would like to quote her remarks as reported at page 2496 of *Hansard*:

> When I say that certain unions do not show responsibility and therefore should not be given this concession, that their employers should not be forced to give it to them, I do not just mean responsibility to the company; I mean responsibility to the community, responsibility to their own members, and above all a respect for law and order.

I do not believe that trade unionists as a class, section or category of the population are any more irresponsible than are employers as a class, section or category of the population. In another debate I put on the record the number of companies that were breaking the laws of this country and defying the laws of this country—and had been doing so for years—through the formation of combines in restraint of trade, raising prices and so forth. In my opinion, that is irresponsible action. But before we can demand responsible action from any section of the community we must put those people in a position where they can enjoy the democratic rights enjoyed by other members of the community.

Some years ago, in 1943, to be exact, this government appointed a board known as the national war labour board, to make an investigation into employer-employee relationships in this country. The board was under the chairmanship of Mr. Justice C. P. McTague, as he was at that time. The board made a report dated August, 1943. I should like to read briefly from that report, and I am doing this because of the opposition that is coming from employers now to legitimate trade union action. There was a majority and a minority report of this board. I am reading from the majority report which was signed by the chairman and by the employers' member on it, Mr. Leon Lalande. The report stated:

> The most serious question involved at the present time is that of the right of collective bargaining. It must be kept in mind that this is a right which in a practical way has been recognized in Canada for a period of half a century. The recognition of the right has been far from universal. By far the majority of employers have resisted it over the period. Generally speaking, the great mass of employers, until comparatively recent years, have employed all weapons in their power to resist and discourage the trade union movement. There have been exceptions of course.

[Mr. MacInnis.]

That was the attitude of employers. When you get that attitude from employers, you are bound to get some similar sort of reaction from the employees of those organizations. You get the highest degree of democracy in the older trade unions, in the trade unions that have had a longer existence, great experience, in the same way as you find the greatest amount of political democracy in governments that have exercised political democracy for us for some time. Then the majority report of the board continues:

> When it is remembered, however, that the international trade unions represent but approximately 20 per cent of Canadian labour generally it is apparent on a comparison with other countries such as England, Sweden and Australia that Canada's trade union movement has been very, very slow indeed. Until comparatively recent years we have been in the main an agricultural country. That factor, together with resistance to the movement by reactionary industrial employers, induced by the fear motive or other even more selfish motives, has served to hold in check any widespread advance in the movement of trade unionism for quite a period of years.

Those are not my words. A trade unionist is not saying that. That is the studied opinion of a board set up by the government to investigate employer-employee relationships. As I said before, when you get that condition you cannot expect people who have been denied the democratic right of trade union organization to be wise, prudent and considerate in the exercise of newly found power. That desirable result will have to come through time. I think it was Lord Macaulay who said that the only way to build freedom was to extend freedom. I could continue reading from this report but I think I have read enough to show that if there is any irresponsibility on the part of trade unions—and I am not conceding that there is—responsibility for that situation rests in other places.

I now want to take you back a little bit further, Mr. Speaker, just to show the attitude of employers to trade unions in this country; and this is not so long ago; I think the report was made in 1937. In 1936 or 1937 the federal government set up a royal commission to inquire into the textile industry. The royal commissioner was, I believe, Mr. Justice Turgeon. The present Chief Justice of Ontario, Mr. Justice McRuer, I believe was counsel or one of the counsel for the commission. The heads of the textile industry were asked as to their attitude to trade unions, and I am going to read you their replies as they were given in a brief submitted to the royal commission on February 2, 1937, by Elie Beauregard, K.C., commission counsel. The president of the

Wabasso Cotton Company Limited, C. R. Whitehead, was asked in regard to the company's attitude to trade unions and he said:

The men can belong to any union if they like. We do not ask a man if he belongs to a union or what his religion may be, but the board of directors refuse to recognize the union, any union.

Remember, that was only in 1937. Then here is another quotation:

I never had to deal with a union here before, never heard of such a thing, and I am not going to be led by a lot of such folk as if I might just have a rope around my neck and be led like a lamb to the slaughter.

That is Henry Johnson, president of Courtaulds (Canada) Limited. Then here is another one:

We have no objection whatever to our employees joining any kind of organization they feel so disposed to. I don't think we would be prepared to consider dealing with any organization, because we would very much prefer to deal with them as individuals, because there are always people who get in control of these things,—

And may I say that people get in control of the textile industry.

—or it seems to be the case, who have very radical ideas, imaginary ills or problems.

I could read you some of the evidence as to the wages paid in the textile industry at that time, and I assure you that the ills were anything but imaginary. The quotation I have just read was from W. P. MacDougall, general manager of Belding-Corticelli Company Limited. Then here is another quotation:

The company will not permit any third party to interfere between the management and the employees or to take away from the employees their rights as individuals to deal with the company.

That is the Dominion Textile Company Limited.

There was one exception, and that was the president of the M. E. Binz Company, Limited. He said:

We as manufacturers. . . have got the right to organize ourselves. Is it not right that labour should have the same right?

Now, I wanted to put that on the record in order to show those who feel that labour is irresponsible that if labour is irresponsible—I say again I do not concede it—it is because they have not had the opportunity to exercise the rights and duties that build responsibility. They can never do that until the opportunity is extended to them. Over a good many years we have had considerable discussion on this matter, and since the industrial relations committee has approved the principle on two occasions I suggest there is no good reason why the proposal should not now be made the law of this country.

Mr. Gregg: May I ask the hon. member a question? In view of the fact the quotations which he read dated back about fifteen or seventeen years, would he admit that there have been a good many changes in the attitude of management towards organized labour in those intervening years.

Mr. MacInnis: I want to be quite fair. I will admit at once that there undoubtedly has been a change. The textile industry is now fairly well organized. The trade union movement has made great strides in Canada since that time. But I wish to draw to the attention of the minister the fact that the advance made by trade unions was made at a time when there was close to full employment, and when you might say the labour market was in favour of the trade unions. I am afraid that now there is a trend in the opposite direction. There is definitely a trend, and how far it will go I do not know. All over the country there are signs that employers are again resisting the organizational efforts of their employees.

Mrs. Shipley: May I ask the hon. member a question?

Mr. MacInnis: Certainly.

Mrs. Shipley: I should like to know if the hon. member would suggest that every veteran in this country who has received benefits by reason of the representations made to the government by the Legion should be forced to join the Legion and pay his dues, or if every person who goes to church should be compelled to join that church and pay the proportionate costs of operating the church.

Mr. MacInnis: It is my understanding that such church duties are required of certain people, but I cannot talk about that from experience. The Legion and the churches are an altogether different thing from the relationship between employers and employees. Does the hon. member propose that an employee need not help pay for the benefits he receives from the union? Is he entitled to take those benefits and give nothing in return? I would prefer Mr. Justice Rand's opinion. He says, no, you are getting benefits and you should pay for those benefits. The government of this country—and the hon. member sits on the government side of the house—pass the income tax laws and say that you will pay your income tax.

Mrs. Shipley: That is a different thing.

Mr. MacInnis: It is the same thing.

Mr. Pierre Gauthier (Portneuf): I should like to say a few words on this bill, just as I have in the past on two different occasions when this measure was presented to the house

by the hon. member for Winnipeg North Centre (Mr. Knowles). I should like it to be clearly understood that I do not oppose the measure because I oppose the check-off. I believe it should exist and be put into operation if both the employer and the employees want it. I refuse, however, to think it should be included as an article of the labour code, and I believe that is what the hon. member for Winnipeg North Centre wants. I am not in favour of that, and I am going to try to explain as clearly as possible my attitude towards the measure now being discussed.

I certainly am not trying to bring into the debate the constitutional question. I believe the measure relates to federal jurisdiction only. I say that because it would be futile to try to impose the will of this house on the provinces. It is for that reason I do not intend to discuss the constitutional issue. My hon. friend puts it on the federal ground exclusively, if I understand him correctly.

Mr. Knowles: That is correct.

Mr. Gauthier (Portneuf): I do not want this measure to form a part of the labour code because I want to leave every individual and every industry free to accept the check-off after the two parties have come to an understanding without the slightest shadow of coercion. I have in mind the words uttered by the hon. member for Timiskaming when she spoke on February 26, 1954, as recorded at page 2496 of *Hansard*. She said:

> It was so outlined as to leave the impression that any workman, at his will, could simply walk into an employer's office and sign a card to the effect that he wanted union dues deducted from his pay check; and if he wanted to discontinue this process then, supposedly, it was just as simple to walk in and lift the card.
>
> I think it is well known to most hon. members that it is not as simple as that.

I agree with her. I shall show that is true because of two lines put in the phraseology of the bill now under discussion. We ought to concentrate our efforts on avoiding friction between employers and employees in so far as that is possible. We ought to provide all parties with every possible occasion for developing that fraternity that is so necessary today. We must never forget that those who want to profit by uncertainties, misunderstanding and unrest for the purpose of giving their destructive propaganda every possible opportunity, try to create misunderstandings and friction between the proletariat, as they call them, and the employer. The more friction there is between the two parties, the more satisfaction there will be among those who want to destroy our institutions. They never miss a detail; they never skip an opportunity to disturb the waters. We have a few of that kind in our country, unfortunately, those who would try to divide employers and employees.

I believe that if what is suggested in this bill were made compulsory under the law it would cause the same kind of friction. Because, after all, we are just human beings; employers as well as employees are also human beings. There is a science known as psychology. Some think it is only a word, but it is in fact a true science. We have to deal with it and to apply it to the actions of human beings in their relations with each other, whether they be employers or employees.

I feel sure that if an employer feels he is compelled by the law to collect union dues from employees, and give them back to the union, there will be some kind of friction. The employer will feel it is an imposition on his shoulders, or on his activities as an employer. If he is a good-natured employer and has a true understanding of the situation between his employees and himself, he does not like to be compelled to perform a duty he understands perfectly well. This is why there would be friction; and that would please the opponents of the constitutional rights and institutions. The aim should be to create as little friction as possible which might have the effect of dividing employees and employers. However, some people would take that chance; they would take any chance available to divide labour and those who head industry.

That is why I take this position, and tell the hon. member who sponsors the bill that he should look at the matter more carefully from this angle. I am sure he would see that it would be much better to have the check-off applied after good understanding, discussion and agreement between employers and employees. It would be better to abandon the project suggested here, so that employers and employees could come to agreements among themselves voluntarily, like good brothers, in an effort to develop the type of fraternity that we need so much, not only in this country but throughout the world. I believe this procedure would be much better in the world as it affects labour and industry.

I am surprised when I hear some people say or write that the check-off is no worse than the collection of income tax at the source. Everyone remembers the storm that developed when it was suggested that the collections should be made in that way. Indeed, we still hear grumbling against the imposition of that regulation. If it was a bad thing to collect income tax at the source, then I cannot see how it could be considered a good thing to collect union dues in the same way. After

all, by the collection of union dues at the source part of the freedom of the workers is destroyed. I am sure of that.

Others offer the argument that collection of union dues in this way would serve to recognize in the law the important position occupied by labour throughout the country. Well, sir, labour has come very far in the plan of organization. It has made rapid headway in the last hundred years—and without the check-off. The check-off does not add to the paramount importance of labour, a position labour has held in the minds of the people of many countries throughout the world. Labour and management will gain more in grandeur, and their relations will be more friendly and numerous when they feel that they are on the same side of the fence, and are devoted to the welfare and prosperity of the groups to which they belong.

I repeat what I have said on the same subject. We hear a good deal about bureaucracy. I am almost ready to agree with Guerin, a socialist writer, whom I have already quoted in the house, that the union heads should avoid the danger of decreasing in importance in the eyes and minds of their members, or, as Guerin has written in his book, they will be "sitting in comfortable arm chairs". I believe these union heads would lose their importance, in the eyes of union members, if they permitted their duties to be performed by employers.

In my county I am very friendly with both employers and employees. Whenever I deem it my duty I give them my opinion or advice, and when I believe it is good for them I do not hesitate even for a moment. I realize that in the past the unions have had to strengthen themselves against some employers who were slow to realize the position of employees in their factories, and to treat them, not as ordinary tools but as human beings. However it may happen that if duties formerly performed by union chiefs are handed to employers, the workers will realize that after all management is not quite indispensable. After all, they are human beings; and if employees see the duty of their chief performed by management, they will say to themselves, "After all, our chief is not so important; he is handing over his work to the employer in the matter of the check-off of dues." It is only human to think that, very human.

I say that those who sponsor the bill and who are attempting to make the check-off compulsory are rendering a disservice to labour. When I make that statement I am expressing my own opinion. I have used strong words in the past, and have pointed out that if labour chiefs insist upon having this work done by employers, then the union chiefs will appear only as figureheads on a pedestal. That is what the employees will think; that will be the view of union members.

The acceptance of this legislation would render a very bad service to those devoted union chiefs who are doing their utmost to help employees and, I believe, at the same time to help employers. I believe they hold the view that if there is good understanding and a feeling of fraternity between these two large groups we will have in Canada a condition in which labour and industry will work in harmony, and we will have quietness and satisfaction, as well as a smooth-running organization. That is what we need. There are two lines in the bill to which I should like to refer. Line 15 reads:

> . . . and the employer shall furnish to such trade union the names of the employees who have given and withdrawn such authority.

I think the hon. member for Timiskaming (Mrs. Shipley) dealt with these two lines in her speech the other day. She entertained a doubt about it, which is in my mind. As I see it, these two lines would oblige the employer to furnish the names. That is not voluntary. You never can tell what will happen. They are human beings. They have their qualities and they have their trend of thought. If employers give the names of the workers who do not sign their cards after they have a month or two they will go to see these men.

Mr. Knowles: It does not ask for that.

Mr. Gauthier (Portneuf): It reads:

> . . . and the employer shall furnish to such trade union the names of the employees who have given and withdrawn such authority.

Mr. Knowles: But not the names of those who gave no such authority. That is what the hon. member said a minute ago.

Mr. Gauthier (Portneuf): No. I said: suppose the chief of the union received the names of two or three workers who have withdrawn—

Mr. Stick: They will not be in the union very long.

Mr. Gauthier (Portneuf): —their acquiescence in the check-off, what will happen?

Mr. Stick: They will get kicked out of the union.

Mr. Gauthier (Portneuf): That is what I am asking. I do not know what will happen. That is why I feel that it is not that voluntary. I believe that the check-off will operate much better if it comes into operation after good understanding and friendly discussion between employees and employers, without imposing it by law.

Mr. Knowles: One horse, one rabbit.

Mr. Gauthier (Portneuf): No, it is not that.

An hon. Member: Two horses.

Mr. Gauthier (Portneuf): There is a difference in imposing it by law and having it come about after a good understanding between the two parties. It is not the same thing and my hon. friend knows it.

Mr. Harris: Did you say "honourable and humble"?

Mr. Gauthier (Portneuf): Honourable and humble.

Mr. Harris: I thought the hon. member said "my humble friend".

Mr. Knowles: We are all honourable here; the book says so.

Mr. Gauthier (Portneuf): Yes. Some industries have gone a long way to make their employees feel that they are part of the company. Listen to this, and this exists in some parts of our country and in other countries of the world. Industries have gone a long way to make the employees feel that to a certain extent the company belongs to everyone working for it, whether he sweeps the floor, oils the machinery, works in an office or is even in the office of the manager or the president. They do not need to have the check-off, and I am positive that some companies make the employees feel that they are working for their own industry, and that is brought about by the way they treat their employees.

If my memory serves me well, I read somewhere that a man by the name of Tony Montiero—I am not positive that that is the right name—worked for quite a number of years in industry in the United States. He was a hard worker. He looked over various industries and saw that unrest existed between management and labour. He decided that he wanted to devote his life to the betterment of relations between the two parties. This Tony Montiero is preaching in different industries. If my memory serves me well, one company manager sent a letter to the newspapers of the United States stating that he was very glad to have a man of that calibre trying to do that much good for his compatriots in his efforts to try to develop understanding and fraternity between the two parties. He said, "Since we have had that man working in our industry the relations between myself and my employees are quite different from what they were and everything is going smoothly".

Well, he knew what psychology meant and he knew that in dealing with human beings we have to look at the intellectual, moral and spiritual side of the question as well as at the material side. That man has done a lot of good in the United States. If I have not given the proper name I shall correct it in *Hansard* tomorrow.

I think I have said enough, Mr. Speaker, to prove that I am not altogether opposed to the check-off, but I do not want it to be imposed by law because I believe that there may be friction, and I do not want any friction between the two parties because our opponents, those who want to destroy us—and they are in this country—will take the least opportunity to get in between the two parties and do their nasty work, as they have done in the past.

I heard the hon. member for Vancouver-Kingsway (Mr. MacInnis) say that some say that labour is irresponsible. I have never heard that word used against labour in my life, and I have quite a large labouring force in my county, and I have industries in my county. There everything is working very smoothly because they see each other, they speak to each other and they understand each other. That is the way to look at this situation and to deal with the problem. If labour is that responsible I do not see why by law we should take from it part of its responsibility towards its union members and towards the employers. You are taking away a part of the responsibility of labour. We do not think labour is irresponsible; we think it is responsible, and we ask you not to take away a part of its responsibility toward the nation.

Mr. Speaker: Since it is six o'clock the house will at eight o'clock revert to the business which was under consideration prior to five o'clock.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

INCOME TAX—PROVINCE OF QUEBEC

The house resumed consideration of the motion of Mr. Abbott for committee of supply.

(Translation):

Mr. Gagnon:

Centralization, according to Proudhon, claiming exorbitant rights, aspiring to maintain in joint possession groups which are sovereign, by the very nature of things, and to govern associate cities like conquered ones, violates the very principle which it claims to uphold, i.e. the principle of political unity . . . There arises therefore immediately antagonism between central direction and

local autonomies . . . the consequence of which is to defeat the purpose of government which henceforth is solely employed in consolidating and furthering its own preponderance.

Is it necessary to recall these words by Sir Wilfrid Laurier:

The principle under which a government levies taxes when another government spends the product of such taxation is absolutely false. Provincial governments should surrender none of their fiscal prerogatives, for such a surrender would explicitly and necessarily imply the relinquishing of certain administrative responsibilities.

This opinion is shared by the chamber of commerce of Quebec city.

Time has shown that the Liberal party has shelved this wise piece of advice given by its former leader.

In the newspaper *Notre Temps* of February 27, 1954, we find this alarming item by the editor, Mr. Richer:

I have recalled the Liberals' centralizing attitude, both in the provincial and federal fields, and the continuous struggle they have waged or tolerated against provincial autonomy. This is no personal opinion on my part. It is rather an historical fact.

One has but to go back to newspaper reports of former years, or, should one have the courage to do so, to go through *Hansard* for the past thirty years, to find the unquestionable proof that the Liberals have never stopped condoning centralizing action, even at the price of an actual weakening of provincial independence.

Mr. Alexandre Taschereau, a man of strong character, was the only one to set himself against the federal encroachments. He did not succeed in safeguarding completely the autonomy of Quebec but he managed to save the most important. It was quite a feat, for he had to fight against the federal leaders of his party, particularly Mr. Mackenzie King and Mr. Ernest Lapointe.

Nearly all the other Liberals gave up the fight. There were, of course, a few die-hards and rebels here and there, but they were not of the front ranks and their action was ineffective, and the huge steam-roller crushed everything that stood in its way.

In turning down the proposed agreements, our province only wishes to remain true to the spirit and the letter of the confederation pact.

We are not going to give up inalienable rights in exchange for subsidies subject to the whims of the bureaucrats.

Quebec has always in the past as well as today given the whole country the best example of loyalty and faithfulness to the Canadian constitution, for it is the only province which has treated the Anglo-Protestant minority in accordance with the ideals which prompted the fathers of confederation.

In a speech delivered on January 21, 1952, before the members of the Quebec Bar Association, assembled in convention at Quebec, the Minister of Justice (Mr. Garson) congratulated the leader of the Union Nationale for the generous way in which he was treating minorities.

The provinces that have signed agreements with Ottawa will share, during the coming fiscal year, a sum of $322 million. Ontario will receive as her share $140,800,000.

Quoting those figures, the Montreal *Gazette* wrote as follows on February 10 last:

(Text):

When Ottawa is prepared to make payments on this scale to provinces who have agreed to continue the "temporary expedient", it should find no insuperable obstacle in conceding the additional $25 million to a province that wishes Ottawa to keep its undertaking of 1941.

If Quebec were to sign an agreement similar to other provinces, a larger sum than $25 million would have to be found. As it is Quebec is helping, in effect, to finance the federal subsidies to other provinces, and is asking for comparatively little in return.

Finally, Ottawa has made clear that it has no intention of exercising any pressure upon any province to sign an agreement. This promise was given by the prime minister of Canada in 1946. "The fact is", said Mr. King, "the dominion government is not seeking to force any agreements."

This assurance has been given repeatedly ever since.

It is hard to believe that Ottawa would have any reason, or any wish, to penalize any province because it has seen fit to re-enter a taxing field which it was asked to vacate "as a temporary expedient, for the duration of the war only", and when there was no attempt to get any province "out of these tax fields permanently."

(Translation):

In another editorial on the same subject, under the heading "Not an excessive demand", the *Gazette* wrote as follows on February 15 last:

(Text):

What would Ottawa have to pay Quebec if an agreement were signed on the same basis as that signed by Ontario? The payment would be about $112 million. At the present time, Ottawa allows Quebec taxpayers to make certain deductions in the field of corporation taxes, and in regard to the education tax that falls upon certain corporations. Supposing Ottawa were to go further and to make the whole of the new provincial income tax deductible from federal income taxes, what would the total be? The total that Quebec taxpayers could deduct from their various federal taxes would be about $82 million to $86 million.

Can Ottawa afford this? It would seem so. For if Quebec were to sign the same kind of agreement as Ontario, Ottawa would lose about $112 million. In other words, even with this new income tax concession, Ottawa would still, it seems, be the gainer by about $30 million.

(Translation):

On February 19, 1953, in his budget speech, the Minister of Finance (Mr. Abbott), after stating that the volume of federal taxes made tax increases by provincial governments more difficult, said:

Income Tax—Deduction of Quebec Tax

No one in Ottawa wishes to deprive provincial governments of their rights or to take over their responsibilities . . .

No one has any desire to aggravate the already difficult problems facing provincial governments.

And he added:

Our national unity must always be built on a foundation which gives practical effect to the constitutional distribution of foreign powers and administrative responsibilities between the central and the provincial authorities.

Well, Mr. Speaker, the minister now has a splendid opportunity of proving the sincerity of his statements.

If he does not want to aggravate the present position of provincial administration and if, on the other hand, national unity is not meaningless let us see to it that Quebec taxpayers will be able to deduct from their income tax the amount of the tax they will have to pay to the province, under the act recently passed by the legislative assembly. Justice and fair play make it a duty for us. This is the urgent request I am placing tonight before the government of my country.

On the other hand, by admitting that the provincial tax on corporate incomes, and the provincial tax on natural resources, which is earmarked for education, were both deductible, the federal government has already set two precedents in that respect.

What is at stake here is neither the Union Nationale nor the Liberal party, but solely the interests of the citizens of my province, who must not be placed, with respect to taxation, on a lower and less favourable level than the other taxpayers of this country.

It is the people of Quebec who, through the constitutionally established civil authority, are calling for fair treatment and asking for the recognition, in a concrete way, of a fundamental right granted them by the fathers of confederation, that is the priority right in the field of direct taxation.

We are not asking for piecemeal 5 per cent decentralization, but for 100 per cent decentralization. If the federal government has incurred financial obligations which now make it difficult to give back to the provinces taxation fields which were taken over because of an emergency of its own creation, it has but itself to blame. Let it assume the responsibility and suffer the consequences. It has been generous with other people's money and even made gifts to other countries. Well, let it fulfil its obligations through the means granted it under the compact of 1867.

"He who keeps rights which do not belong to him, commits robbery", said Senator Nicol commenting on the Ottawa government's conduct.

It would be iniquitous to continue persecuting my French-Canadian compatriots because they make use of the privileges granted to them under the constitution; because they refuse to exchange their liberties for money; because, on account of their tongue, their race and their faith, they cannot live under the guidance of a leader who is completely ignorant of their problems, their traditions, their ideals and their hopes.

In an editorial of March 8 last, *Commerce-Montréal,* the official publication of the chambre de commerce of the Montreal district, may be found the following:

Refusal to deduct the present provincial income tax constitutes a preference given to other provinces, pressure and coercion applied to Quebec.

In effect the province of Quebec is being told: "If you wish to exercise your prerogatives and to collect yourself those taxes which have been rented by the other provinces, you must be ready to pay the price for it by allowing your taxpayers to be more heavily taxed than others".

The noisy propaganda and publicity undertaken in certain quarters in favour of centralization would have people believe that sound legislation, security, pensions, happiness, prosperity, everything comes from Ottawa and that it is almighty Ottawa that should receive every bit of revenue and all thanks, it being the source of all good.

Let the Quebec government receive the hundreds of millions of dollars annually taken from its people. We would then see what our government leaders could do with this money.

In closing my remarks, I should like to quote a few excerpts from a study on federalism by Proudhon, a famous French socialist of the last century.

A federation agreement having for purpose, generally speaking, to guarantee to the confederate states their sovereignty, their territory, the freedom of their citizens; to settle their disputes; to provide, by means of general measures, for everything which affects common security and prosperity, such an agreement, as I say, in spite of the importance of the interests at stake, is essentially restricted. The authority invested with its implementation can never prevail over its constituent parts; I mean by this that the federal prerogatives can never exceed in number and in actual fact those vested in the communal or provincial authorities, nor can the latter prevail over the rights and prerogatives of man and the citizen. Otherwise, the commune would be a community; the federation would revert to a monarchical centralization; the federal authority, instead of being a mere mandatory and a subsidiary function as it should be, would be considered as preponderant; instead of being limited to a special service, it would tend to monopolize all activities and endeavours; the confederate states would be reduced to the rank of prefectures, intendances, branches or stewardships. Thus transformed, the body politic could be called a republic, a democracy or anything you like; it would no longer be a fully autonomous state, a confederation. The same thing would happen, and all the more so, if, through a false sense of economy, through deference, or for any other motive, the communities, districts or confederate states were to make one of them responsible for the administration and control of the others. The federal republic would become unitary and would be on the road to despotism.

Briefly, the federative system is the very opposite of the administrative and governmental hierarchy or centralization, which is a common feature of imperial democracies, constitutional monarchies and unitary republics. Its fundamental and characteristic principle is this: In a federation, there is a specialization, a restriction of the attributes of central authority; they lessen in number, in immediacy, and I daresay, in intensity, as the confederation develops by the addition of new states. In centralized governments, on the contrary, the attributes of supreme power become more numerous, more extended and more immediate, attracting into the ruler's orbit the affairs of the provinces, communities, corporations and individuals, in direct ratio to the size of territory and of the population. Whence the crushing of all freedom, not only municipal and provincial, but even individual and national.

(Text):

No doubt, Mr. Speaker, this house will wish to express its opinion on this matter and I therefore move, seconded by the hon. member for Beauce (Mr. Poulin), that all the words following "that" be deleted and the following substituted therefor:

this house is of the opinion that the portion of income tax payable by the taxpayers of the province of Quebec, according to the act No. 43 passed by the legislative assembly, the 5th of March, 1954, be deductible from the income tax payable to the federal government.

Mr. Speaker: I would point out to the hon. member that citation 345 of Beauchesne's third edition states, in the middle of the citation:

Only one amendment and one sub-amendment may be made to this motion,—

That is the motion to go into supply.

—but if the amendment is negatived, a discussion on other questions may be raised but no other amendment can be proposed.

We have had one amendment which has been negatived and I submit that another amendment at this time cannot be accepted. Standing order 49 confirms this view.

(Translation):

Mr. Raoul Poulin (Beauce): Mr. Speaker, even though the amendment moved by the hon. member for Chicoutimi (Mr. Gagnon), has been declared out of order, may I be allowed to deal with the matter which he has introduced in this house this afternoon.

I deem it my duty—indeed, it is also a great pleasure—to say a few words in support of the suggestion made by the hon. member for Chicoutimi.

The present debate raises the whole question of the fiscal autonomy of the provinces in general and of Quebec in particular.

Some of the opponents of the present Quebec government have upbraided its leader for having misused the topic of autonomy, for having played all the variations of that tune without ever putting autonomy into practice. Are they right or wrong? It is not up to us, as federal legislators, to settle that question. However, these same critics could surely not claim today that bill 43, adopted by the Quebec legislature, is not a clear and definite statement of policy with regard to fiscal autonomy. I hope it will not be repeated here that the government of the province of Quebec could have avoided the levying of that tax by managing in some other way the moneys entrusted to it by the provincial taxpayers.

Mr. Dupuis: The electoral fund would have suffered.

Mr. Poulin: I hope I can reply to the very intelligent remark made by the hon. member, the type we generally hear from the member for St. Mary (Mr. Dupuis).

Such an argument may be advanced in the provincial legislature involved, but the matter surely rests with the Quebec electorate who will be called upon to deal with it in due course. However, I do not hesitate to say this argument cannot be taken into account by federal legislators when discussing this problem.

We are here, Mr. Speaker, only to inspire legislators with new ideas. A discussion on such a basis would not solve at all the question of principle involved here.

In my humble opinion, though I am neither a lawyer nor an expert in constitutional law, this whole discussion can be summed up under two principal headings which I shall summarize in two questions:

1. Are the provinces allowed by the constitution to levy direct taxes?

2. Is it advisable, for Quebec in particular, to cover as much ground as possible in this field in order to preserve its fiscal autonomy?

My answer to the first question would be that the field of direct taxation is open to the provinces, that they have priority and that the federal government has in practice recognized that priority.

(a) The field of direct taxation belongs to the provinces. Subsection 2 of section 92 of the British North America Act is very clear on the matter and I quote:

. . . the legislature may exclusively make laws in relation to . . . direct taxation within the province in order to the raising of a revenue for provincial purposes.

There is no denying that income tax is direct taxation; there is no denying either that the bill introduced in Quebec confines the levying of this tax within the geographical limits of the province; there is no denying,

finally, that the purpose of this levy falls within the jurisdiction of the province. In this connection, one has only to read section 168, subsection 12 of the bill:

> The purpose of this act is to provide for expenses necessary to meet provincial needs and developments in the fields of education, public health and social legislation. All the revenues therefrom shall be used to those ends.

It is clearly provided in the constitution, in sections 92 and 93, that all three subjects fall within the jurisdiction of the province.

(b) And now, the provinces have precedence over the federal power in the field of direct taxation.

Indeed paragraph 2 of section 92 is very explicit on the subject and grants to the provinces not only precedence but exclusivity in the field of taxation for provincial purposes. Bill 43, introduced in the Quebec legislature, stresses the point in its preamble. I quote:

> Whereas the Canadian constitution gives priority to the provinces in the field of direct taxation . . .

Moreover, such priority may be established through deductive reasoning. Since the field of direct taxation is the only one the provinces have access to, it must be open to them to such an extent as to enable them to collect enough money to achieve their own purposes. Otherwise, it would mean that the fathers of confederation, having recognized the right of the provinces to achieve their purposes, would have failed to provide them with the necessary means to do so. Finally, if the field of direct taxation is already saturated with federal taxes, that right of the provinces becomes entirely illusory; therefore we are not straining the principles of logic when we conclude that the federal government must abandon the field to the provinces whenever the latter express the wish to occupy it in order to achieve their own provincial purposes.

Mr. Dupuis: Clean or dirty?

Mr. Poulin: I wish to quote here a much more advanced opinion; it is a statement made recently before the Tremblay commission by the secretary general of the University of Montreal, Mr. Marcel Faribault, when he submitted to the commission the brief on behalf of the university. When questioned by one of the commissioners he replied, as reported in a news item published in *La Presse* of Montreal, on February 24, 1954:

> It should be remembered that the federal government must levy taxes since it does not have any natural resources. If it levies taxes and then applies the revenue derived from those taxes to provincial fields which do not come within its jurisdiction, that is evidently unconstitutional.

(c) Besides, the federal government has, in practice, recognized that priority on several occasions.

In 1947, it authorized, in favour of certain provinces, a 5 per cent deduction from personal income tax. It also permitted Quebec companies last year to make a deduction corresponding to the amount paid by the said companies into the education fund of the province. Another 5 per cent deduction was granted with respect to income tax on corporations, in favour of those provinces which refused to sign a tax agreement. And last year, the federal government went still further and underlined even more the importance of this principle, by raising the amount of this deduction to 7 per cent.

May I be permitted to quote from an editorial published in the Quebec *L'Action Catholique*, on January 15, 1954, under the signature of Mr. Charles Pelletier:

> A clause in the federal Income Tax Act allows the taxpayers to deduct 5 per cent from their contributions, if this portion is already claimed by the provincial treasury. This taxation field is certainly one in which the province should normally be absolutely free to act. It means little from the monetary point of view, but it means much from the point of view of principles. It gives recognition to the fact that, when a provincial legislature decides to levy an income tax, the central authority must, at least to a certain extent, give it priority.

I would also like to quote from an editorial published in the same newspaper, on February 20, 1954, under the signature of its editor-in-chief, Mr. L. P. Roy, and entitled: "Ottawa could not refuse this deduction." After some preliminary considerations, the editorial continues:

> Our high treasurer could hardly refuse by claiming that he needs the money. Why should Mr. Abbott refuse? To punish Quebec for having renounced a right for a period which has been far too long extended? Does Ottawa want to punish our province for reminding it, by its attitude, of the fact that his predecessor in office did not keep his word? When the Hon. Mr. Ilsley was asking the provinces to give up, for the duration of the war, their right to tax corporations and personal incomes, he insisted on the word "temporarily". That was the understanding.

The fact that it has been renewed once or twice does not change its nature in the least.

> If Quebec, as it could have done, had instituted a provincial tax upon the expiry of the agreement, nobody could have held it against that province. Now, the provincial government, needing the additional funds for educational and health purposes and fearing that some day it may be denied a right

which it has not exercised for several years, is proposing taxation legislation. Its conduct is absolutely logical. What would be illogical would be a lack of co-operation on the part of Ottawa. Should the taxpayers now find themselves overburdened by this double taxation, they will know that the blame rests on those who are in undue occupation of a taxation field which they should have occupied only temporarily.

It would now be in order to quote from another article from Montreal's *Le Devoir* of February 26, 1954, signed by André Laurendeau. This article is entitled:

"Ottawa must rule provincial tax deductible from its own".

Part of the provincial tax—more than one-third —will be deductible from the federal tax. Will we ever bring Ottawa to accept the fact that the whole provincial tax should be deductible? This should be possible, if Ottawa does not consider centralization over and above simple justice.

The urgent task at present lies in mustering opinion and in getting Ottawa to agree that the provincial tax shall be wholly deductible from the federal tax. It is possible that we may meet opposition in some quarters. But even if the struggle appears to be a long one, it is no reason not to undertake it.

In December, 1952, the Quebec Catholic farmers' union submitted a brief to the government of that province in which I read, among other things, the following which I quote from *Le Devoir* of January 21, 1953, and which was written by Dominique Beaudin:

Our rural parishes feel as much as the cities the effects of the taking over of the taxation fields by the federal government at the expense of the provincial and municipal governments. That is why we are happy to approve the requests of the chambers of commerce and to assure you of our complete support for the course of action you advocate in order that Quebec may exercise its rights.

I want to repeat that I attach great importance to the opinion of the leaders of farmers organizations in the province of Quebec, even on a question as difficult and abstract as the autonomy question. Their common sense is a pretty sure guide.

It is rather interesting, Mr. Speaker, to consider what was said in the past on the autonomy problem by certain leaders of a great political party which played, and still plays, a great part in this country. On November 17, 1920, at the Reform Club of Quebec, the Hon. Alexandre Taschereau said:

There is a conspiracy against the provinces, and particularly against the province of Quebec. I ask you to ponder over all that in order that we may face united the attacks of the federal government. We belong to a great party of glorious traditions and a noble future. Be uncompromising and pure Liberals worthy of the founders of that great party. Be of those Liberals who will never go for measures which can only be detrimental to our province.

And the Right Hon. Ernest Lapointe, whose name, after all, will live in the history of Canada, had this to say immediately after those words had been said by the Hon. Alexandre Taschereau:

As the honourable premier has so well indicated a moment ago; what Ottawa is really seeking is to buy us and many citizens of this province do not seem to protest enough against that ambush. We of the province of Quebec should not let go any particle of our autonomy and our rights.

We see by Bill 43 that the leaders of Quebec have changed, but that, as far as autonomy is concerned, ideas have not.

In November 1952, the chamber of commerce of the province of Quebec submitted to the government of that province a brief on dominion-provincial relations in the field of taxation. On the last page but one of a summary entitled "Official views of the Chamber" I read the following:

The chamber of commerce of the province of Quebec believes: (1) that the pact made in 1867 between the two great nationalities of this country, as confirmed by the British North America Act, has to be fully complied with; (2) that, since direct taxes are the only source of provincial collections, it is important that they should have full freedom of action, and that the federal government should restrict very precisely its action in this field.

In this case, such statement is self-explanatory.

Lastly, I would like to quote a few lines from an editorial published on March 8, 1954 on the first page of *Commerce-Montréal,* the official organ of the Montreal district chamber of commerce:

Is Ottawa going to allow the Quebec taxpayer to deduct the whole provincial tax from the federal tax? To justify such an attitude it would seem that even good will, good faith, electoral purposes or other reasons of this kind are not required. Obvious facts and the most elementary justice call for such an attitude.

Now, is it advisable, for the province of Quebec in particular, to cover as much ground as possible in order to safeguard its fiscal autonomy and, by this very fact, its autonomy proper? Autonomy is more essential to Quebec than to any other province if she wants to maintain and develop her own life and to preserve the particular characteristics of its functions and manifestations.

The saying "he who pays eventually gains control" is quite old but time has not impaired the truth of that assertion. On the contrary, it allows the accumulation of new proofs of its veracity. It is all very well to discuss, to argue or to quibble but the fact remains that the confederation pact not only gave assent to an agreement between two provinces but was mainly the recognition and the guarantee of the rights and privileges of two great races which had decided to unite. For the benefit of those who dislike the statements of the prime minister of the province

of Quebec on that point I shall quote, among hundreds of others, an opinion voiced in the brief submitted recently to the Tremblay commission by the University of Montreal:

> Some people do not like to hear it said that confederation has been a pact between two races. One has only to make an objective and impartial study of the Canadian constitution to immediately see the special position in which the province of Quebec was placed. Section 133 could not be more definite. Its provisions concerning language and the right to use it in the federal parliament together with the attendant obligation to publish the statutes in both languages that is in Ottawa as well as in Quebec (in the latter case for the benefit of the English-speaking citizens) show that in fact the confederative act has been an agreement between two racial groups of different languages, religion and traditions which they aimed to preserve.

I surely feel justified in quoting at this time an editorial which appeared recently in a Quebec newspaper, *Le Soleil* to mention it by name, and which was reproduced on February 22, 1954, in *Le Devoir*. It reads:

> Independence before dollars
>
> Indeed, the province of Quebec suffers heavy material losses by opposing, all by itself, the encroachments of a centralizing government. No matter how great a monetary loss she may suffer, the province still holds much dearer the privileges and liberties which were granted her by treaties involving British honour. Those privileges and liberties were formerly guaranteed under the confederation pact, which the province's religious and political leaders would not have endorsed without this guarantee. Apart from what she may derive from her inheritance, the province of Quebec wants to keep control of her civil laws, her educational and religious liberties and her social traditions. She relies on the fairmindedness of her friends and witnesses from the other provinces to ultimately acknowledge that her case is just and honourable.

Mr. Speaker, when one reads such words, inspired by the purest nationalism, it is impossible to refrain from making a travesty of a famous line of verse and ask: "How into such fine gold has that base lead been changed?" The supporters of the Liberal party who seem to oppose in this house the suggestion of my colleague from Chicoutimi (Mr. Gagnon) will have a hard time to reconcile their views with the attitude adopted by their official organ in Quebec.

It has been said that the federal government had to get as much revenue as possible in order to redistribute that money among the poorer provinces. This argument is put forward in favour of a greater centralization of direct taxation at Ottawa. It is claimed that if the amount which the taxpayer from Quebec will have to pay is deducted from the federal income tax, the province of Quebec will no longer be helping the poorer provinces. I hate to put forward opinions of too categorical a nature—one can always err in spite of good intentions—but this time I say without hesitation that nothing could be farther from the truth. Other speakers have established—or will do so, I hope—that should such a deduction be made the province of Quebec would be far from getting as much money as it would have obtained if it had been a party to the financial agreements which the other provinces have accepted. Therefore, through that accounting operation, there is a deficit which becomes a surplus for the central government which, in turn, redistributes the money among the poorer provinces.

The province of Quebec, which is naturally rich—I admit it and I thank Providence for it—will therefore continue to help the poorer provinces, even if the central government allows the deduction of the tax that will be paid by the Quebec taxpayers to the provincial government.

One might perhaps object as follows: But tell us, what has the province of Quebec to worry about? What are the rights of which she could be deprived? What privileges could be taken away from her through more or less encroachment upon her autonomy? In replying briefly to that objection, Mr. Speaker, I shall try to put aside all question of sentiment because I am prepared to take for granted the intelligence of the hon. members of the house, to whatever party or group they may belong.

It is generally admitted today, to quote a concrete example, that the way things are going, within a few years we shall have some sort of health insurance program in which the state will have a word to say.

Let us suppose that the province of Quebec, owing to the fact that her field of taxation is practically saturated, does not have the financial means of setting up an *ad hoc* system, the federal government will do it. Therefore, for all practical purposes, I can see there a serious threat to the principles and morals of the French and Catholic people of Quebec.

I once mentioned here the case of Dr. Chisholm, who was deputy minister of health not so long ago, and I could mention others. Mr. Speaker, can you see what would happen if an individual of that type were to avail himself of his influence and position to have regulations drafted regarding hygiene and medicine in our Catholic hospitals? I shall not dwell on the point, because I think the house understands what I mean.

I am well aware that above those civil servants, there are always the ministers who take responsibility for their decisions. However, if I may say so with due respect, I definitely feel that the ministers do not always do what they want, even with the best intentions in the world. How else could you explain that we do not have yet bilingual cheques, for

instance, to mention a concrete case which will help to understand the principle, and here I am entering deliberately another field where I can show that our excessive regimentation in the federal administration works certainly against us. I am sure that the Minister of Finance (Mr. Abbott) is a well-intentioned man who is very strong on having all cheques issued by the various government departments bilingual and this on the basis of the indisputable and unrefuted facts which I stated. How is it that he has not yet succeeded in this? Undoubtedly, on account of crafty subordinates not so well disposed as he is, upon whom he does not exercise the authority necessary to implement what he wholeheartedly desires.

If we now consider education, what should we expect when the day comes when our provinces, because their taxation field has become unproductive, find themselves unable to extend to our school boards the assistance they need? I already indicated in this house why I object to federal subsidies to universities and classical colleges. I want to say again, even though this statement could be used against me, I do not fear any interference by the politicians we have today here in Ottawa in our two great political parties. I am prepared to trust them, but they will not live forever! In 25 or 50 years from now who will be leading Canada? Perhaps a socialist government the supporters of which are always asking the government today to enter into every field and especially the field of education and health.

It seems to me, Mr. Speaker, that it is not exaggerated to foresee 25 or 50 years ahead for those who take it upon themselves to prepare for the future. And I am rather wary of what these socialist gentlemen, with the support of more or less well disposed civil servants, might have to suggest for the improvement of the educational system of the province of Quebec.

I will not resist the temptation to quote in this connection a few lines from an article written by Gérard Filion, in the March 6 issue of *Le Devoir*:

> Ottawa has its own little Marshall plan . . . Beyond legal borders it offers gifts for hospitals, vocational schools, youth training, universities. Just like the countries in receipt of the real Marshall aid, the provinces mutter under their breath, but accept, nonetheless. They know full well that in doing so they are coming under the domination of the federal government; they feel that they are gradually being deprived of their rights, but they submit, in spite of everything. And having done so, they look for arguments to justify their surrender.

I might add here, Mr. Speaker, that it is fortunate that the province of Quebec does not come under this plan.

It will thus safeguard a principle which, some day, other provinces might be glad to invoke, even though this collective revolt on the part of the provinces might bring about the collapse of the whole Rowell-Sirois structure.

Now if we take a look at social legislation, we see that the central government has made a full-fledged intrusion in this field. Now we know that this legislation directly, and sometimes intimately, affects the individual himself or his property. However, according to the spirit and letter of the constitution, this field is reserved to the provinces. Would it not be more logical that all moneys connected with this legislation be under direct and absolute control of the provinces? At the present time, we are away ahead in this direction. Although it would be most desirable, we cannot hope that the central government will retreat from its position; the most we can expect is that they do not overstep certain bounds.

Let us not believe for a moment that all possibilities have been exhausted in this connection. Popular pressure will force governments to go still further in this direction. However, in future, provinces should be allowed to cover the remaining ground; but, if that is to come about, the central power will have to give them the income sources they need in order to exercise their own rights in that particular field.

Mr. Speaker, whatever class or group we may belong to, we are all citizens of a great and rich country. It was the will of Providence, which is everywhere, that two great races should contribute chiefly to the building of the Canadian nation. For 150 years they fought each other. And when the fighting was over there remained to be found a common ground for an agreement which would permit each of those two races first to live and to develop itself according to its characteristics and its genius, and then to contribute to the development of this great country of ours, so that subsequent generations might be happy and free. In order to achieve that ideal, at a certain time in our history the leaders of those two groups got together to draw up a proper program.

That was the birth of the Canadian constitution which later on took the form of an act which was ratified by the imperial parliament, under the name of the British North America Act.

Were those leaders mistaken? Could it be that in practice the legislation they have drafted failed to achieve their purposes which were nevertheless quite clear? Not one member of this house will maintain that the fathers of confederation did not want to

guarantee to the two great races who had decided to unite the full and complete exercise of their rights and privileges, with the use of the appropriate means to attain that end.

Would the statesmen now leading the nation, either in the federal or in the provincial field, not be so well-intentioned as those of the past? Would it be their purpose to melt in a single mould the wonderful qualities of each group forming the nation, at the great risk of distorting them? I refuse to believe that. That is why I trust that this house, desirous to leave each of them its full freedom, will also give them the means to preserve it by readily allowing the taxpayers of the province of Quebec to deduct from their federal income tax the total amount of the income tax payable to the province of Quebec.

Mr. Leon Balcer (Three Rivers): Mr. Speaker, I refrained from making my speech until tonight, in order that the government may do something for the taxpayers of the province of Quebec with regard to the total deductibility of the provincial income tax. The matter of deductibility of the provincial tax is the general topic of conversation in Quebec today. As a matter of fact it is the issue of the day, and all papers have been commenting upon it ceaselessly for the last two months. It is of such importance that I am convinced it will prove to be a turning-point in the economic life of Quebec. Not a day passes but the papers mention it in their editorials.

The question of provincial rights has been considered many times in this house and the people have had the opportunity to acquaint themselves with the policy of the different parties on this matter. May I say that I scarcely hope to change the government's mind on the matter tonight. It is not my intention therefore to discuss now the question of provincial autonomy as such. I want to deal objectively with the subject of provincial income tax and try to prove to the house that, in all justice and fairness, the federal government must allow deduction of the provincial tax from the tax paid to the central government.

The federal government must recognize and admit that the province of Quebec is autonomous, that she insists that her rights be respected, fully preserved and even extended and that any move towards centralization in Ottawa, a course most obviously pursued particularly since the beginning of the war of 1939-45, must cease.

The people of the other provinces may not be as much interested in the conservation, by their governments, of the taxation rights

that the central government tries to take away from them by more enticing means. For the other provinces, this is purely a financial matter devoid of all sentimentality. But for us, of the province of Quebec, provincial autonomy, provincial rights and any matter pertaining to sources of revenue are, indeed, considered as directly related to our religion, our language, our rights and our traditions.

Some hon. Members: Oh, oh!

Mr. Balcer: I know members opposite do not agree with me on that score, but I wish to remind them that they must nevertheless realize that a provincial government which refuses to sign agreements proposed by the central government shows remarkable courage, when it is evident that the immediate revenues to be derived from such agreements are greater than the revenues to be yielded from the fields which the province is unwilling to give up.

The people of Quebec clearly show their autonomist feelings when they approve their government's stand in refusing such attractive federal grants.

In fact we see tangible proof of this in the brief presented by the chamber of commerce and of which previous speakers spoke at great length. Such proof is equally reflected at this time in every newspaper of the province of Quebec for, regardless of their political beliefs, they seem to support the provincial government unequivocally in this regard. I shall take the liberty of quoting a few excerpts from editorials published in the newspapers of the province of Quebec to show that, in that province, public opinion seems unanimous in recognizing the full validity of the decision arrived at by the provincial government. For example, an editorial published in the Montreal newspaper *La Presse* on Wednesday, February 10, 1954, stated:

> The only solution to this problem would be for the central and provincial authorities to conclude an agreement which would allow the Quebec taxpayer to deduct in full, from the amount of income tax payable under federal laws, any payments to be made to the provincial government.
>
> Last year already, when presenting his estimates, the Minister of Finance, the Honourable Mr. Abbott, granted a reduction of the tax levied on corporations to firms situated within the limits of a province which had no fiscal agreement with Ottawa. His obvious reason in doing so was to equalize the fiscal charges of the taxpayers throughout the country.
>
> Could not the reasons then put forth be invoked in the case of the new provincial income tax? That matter has already been raised, but it has not as yet been fully studied.

Mr. Speaker: I regret to have to interrupt the hon. member, but if my eyes do not deceive me, he holds in his hands a pretty

big bundle of sheets containing extracts from newspapers, and if, as seems to be the case, by quoting from newspaper clippings, he wishes to show that the provincial government has the support of the people from the province of Quebec in the struggle to which he referred, I am afraid he is out of order in so doing. Newspaper editorials may be quoted, provided one can do so without being out of order. (See Bourinot, page 335; citation 265, Beauchesne, third edition.) But another standing order says that members of the house must express their own ideas, without reading a text and must not therefore read into *Hansard*, instead of their own views, those of newspapermen or newspaper editors.

I supposed the hon. member wished to read abundant quotations from newspapers. If such was not his intention I apologize for interrupting him. I have allowed a reasonable use of quotations to support an argument—it is permissible in such a case to bring forth various quotations—but I wish to caution the hon. member against changing his speech into a review of the opinions expressed by every newspaper on the question which he intends to bring up.

Mr. Balcer: I understand your ruling, Mr. Speaker, and it is a pleasure to bow to it. However, my only purpose was to show that most Quebec newspapers approved the attitude of the provincial government in this regard and were asking, along with that government, that the provincial income tax be made entirely deductible. That is why I wanted to quote certain passages from various editorials. I shall therefore content myself with giving the references and if some hon. members want to take the trouble of referring to them they will recognize the truth of my statements, I am sure. In fact, newspapers like *Le Soleil, L'Evénement Journal, La Patrie, L'Action Catholique,* the *Gazette,* and *Le Droit* of Ottawa, all seem to admit that the federal government should decide right now to permit Quebec taxpayers to deduct the amount of that tax.

The problem can be summed up as follows: Should Quebec be punished by Ottawa for refusing to sign the financial agreements proposed by the latter? And when I say "should Quebec be punished by Ottawa", I do not simply mean the government of the province of Quebec, but the whole population of my province.

First, there is a point upon which everyone agrees: the right of a provincial government to direct taxation. There is no disagreement in that connection; the hon. Minister of Finance (Mr. Abbott) admitted that fact himself upon his return from Australia and he said so very clearly and unequivocally.

This right to levy a provincial income tax would be a joke if, by levying it, the government would be putting the people of the province in an inferior position compared to that of the citizens of the other provinces. And, vice versa, one could understand why the federal government would be reluctant to let go its revenue in one province to the detriment of the other provinces. This is precisely the point I want to make tonight. It indicates precisely the strength of the stand taken by the government of the province of Quebec in this respect: If the federal government denies to the taxpayers of my province the right to deduct from the federal income tax a tax required from them by the provincial government, the federal government puts them in an inferior position. On the other hand, the government of the province of Quebec, by demanding that this tax be made deductible, does not take a single penny away from the other provinces.

It is a well-known fact that the federal government offered an amount of $123 million to the province of Quebec. In return the province was to sign the federal-provincial agreements and to hand over succession duties, corporation income tax and, finally, personal income tax.

If we consider that in so doing Quebec would have been giving up revenue amounting to $80 million, the federal government would have been obliged to hand over approximately $40 million more than today.

We must also note that the great majority of the people of Quebec have shown that they wished the provincial government to keep its sources of taxation, so as to make sure that these taxes would be spent in the province, in accordance with the traditions, mentality and aspirations of the Catholic and French-speaking majority of that province.

Anybody who has read the editorials in the Quebec press in the last few years will have been readily convinced of that fact. If any further proof should be required, one has only to read the various briefs submitted to the Tremblay commission. The great majority of reports urged the provincial government to retain jealously its taxation sources and not to sign the agreements proposed by the federal government.

And yet, if the provincial government had accepted these direct grants, Quebec would have received $123 million, whereas by retaining, as it does, the taxation fields, it has received only about $80 million.

Income Tax—Deduction of Quebec Tax

Another point to be emphasized is this: the total grants given to the other provinces by the federal government amount to $322 million, and the taxpayers of the province of Quebec contribute part of this amount—perhaps not to the same extent as the others, but at least they do contribute some part of it.

In 1953, the central government levied $700 million in taxes in the province of Quebec, that is, $296 million in direct income taxes and $400 million in corporation taxes.

It is readily understood that the federal government cannot hand back to each province an amount equal to that paid in income tax by the population of these provinces, but, just the same, it is to be noted that all the provinces which have signed these agreements get more than if they had not signed them. Consequently, the federal government feels that it has to maintain its taxes at a very high level, and these taxes bear as heavily on the people of Quebec as on the people of the other provinces, but the province does not benefit by them. It follows therefrom that the province of Quebec gets less than all the other provinces because it has refused to sign an agreement with the federal government. Now, if the province of Quebec does not sign an agreement, it is because it does not want to hand over its taxation rights but wants to preserve its autonomy in order to better safeguard its traditions, its tongue and its religion, or because it simply wants to be its own master.

Besides, the Minister of Finance (Mr. Abbott) admitted in 1946 that these famous fiscal agreements could place a province that did not sign them in an inferior position from a financial standpoint, in relation to the other provinces, and that is why he allowed the provinces who refused to sign an agreement to deduct 5 per cent. Why that 5 per cent? Well, it is only because the federal government realized that it had no right to place in an inferior position the citizens of a province which refused to submit to that centralizing campaign the federal government is carrying on since 1946. The government of the province of Quebec did not make use of this 5 per cent, and thus has left since 1946 to the federal government an amount of $56 million. This is certainly not the time to refuse the deduction of $22 or $25 million during three years, when the population of Quebec have left here, in Ottawa, a sum of $56 million. If we add another period of three years at 5 per cent to these $56 million, well, we come to a figure of almost $90 million. Now, all the provincial government is asking is to deduct about $66 million during three years. The federal government would find itself still richer by $28 million, if the people of the province of Quebec were permitted to deduct the provincial tax. As to the provincial government, it would be richer by $22 million and the citizens of Quebec province would not be submitted to double taxation.

Mr. Breton: Will the hon. member allow me to ask him two questions?

Mr. Balcer: If I may finish my speech, I shall permit questions later. The result of the government's refusal—

Mr. Dupuis: Don't disturb his master's voice.

Mr. Balcer: Are you speaking for your son in this house?

Mr. Dupuis: I beg your pardon?

Mr. Balcer: Mr. Speaker, the federal govenrnment's refusal is such as to put the Quebec taxpayer in an unfavourable position compared to the rest of the population. Quebec taxpayers are placed in a position of inferiority because they believe in autonomy, because they feel that it is for them the surest way to make certain that their legislation will always reflect the will of the majority of the population of Quebec.

Of course, I know that, for many members of this house, provincial autonomy is a fear that should not exist, and so on. I know many members opposite who would be delighted to see provincial governments disappear completely.

Some hon. Members: Oh, oh!

Some hon. Members: Shame! Shame!

Mr. Balcer: They prove it by their silence on this question.

Mr. Dupuis: A real joke!

Mr. Balcer: The province of Quebec wants the federal government to acknowledge the autonomy of the provincial government. We, of the province of Quebec, do not wish to force it upon other provinces; we do not want to take away one single cent of the money the other provinces may receive from the federal government. Even if this deductibility were granted, no other province would stand to lose one cent of service from the federal government. On the other hand, the people of Quebec have the right to ask the people of other parts of the country to respect their views on the matter, especially when it does not cost them a cent.

The policy of the federal government which aims at doing its utmost to compel the province of Quebec by the blackmail involved in these grand federal-provincial agreements puts the citizens of Quebec in a false position.

The federal government cannot of course give such large amounts to the other provinces and draw them only from the revenue of these provinces, but the government is bound to distribute its revenue fairly and to treat every Canadian on the same basis. However, that is not what is happening today, since the central government treats Quebec taxpayers as inferior citizens because they want to keep their taxation sources.

Some hon. Members: Shame!

Mr. Balcer: I am convinced that no taxpayer from the other provinces would tolerate such treatment. The federal government cannot say that the means are lacking since it would be ready to grant $123 million to the province of Quebec. Neither can it say that the amount involved would have to come from the other provinces since the amount earmarked for Quebec does not serve to increase the total amount of the grants going to the other provinces when Quebec does not accept it. Since 1946, Quebec has left this amount to the federal government. The Minister of Finance may say to himself that this money might be used to reduce the national debt but if the citizens of the province of Quebec like to pay their debts they do not want to have to pay the whole of the national debt.

Some hon. Members: Oh! Oh!

Mr. Balcer: Attempts have always been made to strip Quebec of her rights of taxation. I believe that the reaction of the province of Quebec towards the provincial income tax as well as the position taken by the different associations which came before the Tremblay commission should make it quite clear to the central government that our people cherish their rights.

When deduction was granted to companies last year, the Minister of Finance said that he did not want to place the companies of the province of Quebec in a position of inferiority just because the provincial government had not signed a tax agreement. Well, we ask the federal government to do for the small taxpayers of Quebec what they have done for the big corporations.

Mr. Chevrier: You know something about big corporations.

Mr. Balcer: I suppose the Minister of Transport knows nothing about them, has never heard a thing about them!

One must not forget that the 15 per cent deduction which is asked for the taxpayers of Quebec will apply to 300,000 taxpayers, while the federal tax applies to 600,000 taxpayers, which means that the total amount paid to the Quebec treasury by the taxpayers will represent only 7 or 8 per cent of the amount paid to the federal government.

Mr. Lesage: This is where the mistake is made.

Mr. Balcer: My friends opposite may think that the provincial government in levying that tax only from those who are better off financially is not following the same method as the federal government but I believe it is fair—

Mr. Langlois (Gaspe): That is where the mistake is made.

Mr. Balcer: The people of Quebec, no more than the provincial government, do not follow to the letter the instructions of the federal government. Not a single member opposite has yet made a speech during this debate. Yet I remember that during the last general election all those gentlemen in front of me all of a sudden became great upholders of provincial rights. Today, the same gentlemen are facing a problem affecting 300,000 taxpayers of the province of Quebec; it is up to them to solve the problem without the rest of the taxpayers of the country losing a single penny and without the federal government losing a penny since the province of Quebec in this way would still get less than the amount the federal government was ready to pay if the province had decided to sign the agreement.

Mr. Dupuis: You said all that in Verdun.

Mr. Balcer: Tonight, we press the government to take a decision to that effect; the matter is urgent because beginning April 1 the provincial tax will be deducted at the source from the salary of a large number of Quebec taxpayers. That is why I hope that the government and its supporters will avail themselves of this opportunity to break their silence in this connection, because we must not forget that the people of Quebec are all looking towards Ottawa and wondering whether the federal government will fulfil their wishes and treat the Quebec taxpayers on the same footing as other Canadians. Everyone is wondering whether Quebec taxpayers are to be penalized because the provincial government refuses to accept the terms of a federal-provincial agreement drafted by Ottawa and which does not please the people of Quebec who have their autonomy at heart.

Mr. Breton: Mr. Speaker, now that my hon. colleague from Three Rivers has concluded his speech, may I ask him two questions?

Mr. Balcer: With pleasure.

Mr. Breton: First, is it not true that the province of Quebec is opposed to the federal-provincial agreements because she is against the idea of federal subsidies to the provinces?

Mr. Balcer: It is true, when the subsidies are not related to education and other matters dear to the heart of the French Canadian.

Mr. Breton: Could you answer yes or no to this question: Is it not true that Quebec is opposed to the idea of federal subsidies?

Mr. Balcer: I have already answered you.

An hon. Member: Answer, answer.

Mr. Balcer: I do not have to take any orders from the hon. member. I have answered and if he is at all intelligent he will understand what I said.

Mr. Breton: Is it not true, hon. colleague from Three Rivers, that a deduction from the federal income tax would amount to a federal subsidy to the province of Quebec?

Mr. Balcer: It is a pleasure for me to answer the hon. member from Joliette that he may call this deductibility what he likes. If the federal government grants it, we will be perfectly satisfied.

Mr. Fernand Girard (Lapointe): Mr. Speaker, it is possibly a very good thing, for the sake of this fiscal question, that it happens to be broached more particularly by independent members. We cannot be accused, in this instance, of acting for political advantage—

Mr. Dupuis: Independent or Conservative?

Mr. Girard: I am very happy to see that the hon. member for St. Mary apparently wishes to speak very often since, on the other side of the house, everybody seems to remain silent. He will no doubt be happy to speak after I have finished my speech.

Our independence is such that it has prevented us from occupying positions of eminence. The government to which we have given our support on a number of occasions must listen to us attentively and objectively.

Our opinion has not been conjured out of political theory. We have found it in the light of the letter and spirit of confederation which must be the bible of every representative of the Canadian people.

Mr. Speaker, I believe this preamble to be necessary to any discussion of fiscal problems.

Therein lies perhaps the fate of the province of Quebec. It depends upon the reply of the federal government to the province, which has just repossessed its rights in the field of direct taxation; and history will pronounce a severe judgment on those who will stoop to the point of placing political considerations over and above the provisions of the B.N.A. Act.

Subsection 2 of section 92 of the B.N.A. Act grants to the provinces direct taxation rights within their geographical boundaries, in order that they may levy funds for provincial purposes.

Quebec has refused to sign the fiscal agreement and it has repossessed the rights which belong to it; it is now up to the federal government to deduct in full this provincial tax, for it has no right to punish Quebec for having wished to safeguard its autonomy.

I do not wish to emphasize the soundness of the provincial tax and the priority right of the provinces to levy such a tax. My colleagues have done so with convincing logic. My intention is to show that the federal government itself has never had any real doubt about the rights of the province and that all the measures it has taken to monopolize the powers of direct taxation do not derive their force from the letter or spirit of the confederation pact. They aimed rather at luring the provinces by holding out certain advantages in order to gain that consent which eventually would have put us before the *fait accompli*. That was a clever process, for everyone knows that for most political institutions precedent is as good as law.

Not being able to claim as of right the exclusive use of the income tax, the federal government tried to transform a temporary situation into a permanent one. Each time it has offered subsidies for provincial purposes, the federal government has unquestionably exceeded its jurisdiction and proved that it was but an usurper of provincial rights. In offering to the provinces an annual subsidy, it not only proved its unconstitutional interference but showed that it is less interested in revenue than in centralization itself, for it has offered much more than what the province asks in a constitutional way.

In the eyes of members from outside Quebec, the attitude of our province may seem somewhat isolationist. To us, autonomy is a guarantee of survival and the provincial tax is the consecration of that principle. May I be permitted to quote, in this connection, an excerpt from the brief submitted to the Tremblay commission by the University of Montreal. In my estimation, it gives the fundamental reasons of two concepts, the concept of Quebec and the concept of the other provinces:

> Our English-speaking compatriots are often astonished at the importance which we give to constitutional problems, for they believe that one must think, first and foremost, of that which is immediately possible. There is evidently in all this a question of heredity, of a deep measure of atavism. The Anglo-Saxon constitution is in great part unwritten; the common law is evolved day by day through the judges' decisions; the Anglo-Saxon refuses to accept dictatorial rules . . . his ideal is,

first of all, liberty and his decisions are both pragmatic and affective. Compare to that, not directly the French-speaking Canadians, but the French themselves and you find yourself immediately before such monuments as the declaration of human rights, the Napoleonic code, the concordats with the Vatican, the French Academy, the love of the soil, the preservation of family values and the nation's community spirit.

In the eyes of French Canadians, the Quebec resolutions are the debates of a real constituent assembly, like that of France in 1789. The act of 1867 may, with regard to its form, take on the appearance of an imperial law; but this has no importance whatsoever. It must be basically held for what it is, i.e a constitution as sacred as that of the United States.

Moreover, the fact that our people are sparsely represented in the key-posts of this country, though we are a bilingual nation, with two equally valid cultures, and though it is our group that went out to meet the other, as we are about the only really bilingual race, all this rather justifies our anxiety. Briefly, all those bitter struggles we have to put up with every time we call for the recognition of one of the rights of French culture, that are the special feature of the Canadian constitution, have proved without doubt that for us autonomy is somewhat like a rampart that does not exist for the English element of our country.

Consequently, we are entitled to ask the members representing other provinces to support our request in connection with the deduction of the provincial tax, not because such request is or is not in accordance with their approach to the fiscal question because autonomy does not mean to them what it means to a minority. We are asking their support because our request is in keeping with the spirit and the letter of the confederation pact which they have signed and because our request represents, in terms of money, a smaller amount than the one we would have received through the signing of the fiscal agreement.

The government, which wanted the fiscal agreement to be signed, has made a gesture which it has always claimed was unselfish. It offered a subsidy greater than the amount which the provincial tax will yield. Quebec has taken a measure consistent with the Canadian constitution; the federal government now owes an answer to the province of Quebec. Will it penalize her to the extent of $25 million a year for having preferred to keep within the constitutional bounds established by the fathers of confederation?

It has to choose between trampling down the rights of the most imposing province of Canada and thus uncover a move for centralization or giving back in fairness and equity what it had requested only temporarily for the duration of the war according to the very words used by the Hon. Mr. Ilsley.

The Liberal members from the province Quebec know perfectly well that it is their duty to join us in asking for this tax reduction, because it is clearly in the interest of their province and their 300,000 voters who would otherwise be sacrificing $25 million yearly to a party's centralizing policy. They should not come to us saying that their government cannot allow more than a 5 per cent reduction because they would then be contradicting their own government which has offered to pay even more through the centralizing method of grants. We should not let them tell us, as has been done so candidly elsewhere, that they do not want to give an opponent millions to spend. That would be shifting ground; this is an old method which the politicians have used so much that it has become valueless. They should take care not to subordinate the interests and the future of their province to a political philosophy; Quebec will have to pay $25 million yearly to keep it in mind and their action might have historical consequences because every one of them must remember that autonomy is a pedestal on which stands the monument of French culture, that other component of our national life which they represent in this house.

That matter transcends political parties as well as the men who have to solve the problem and is directly related to the confederation pact. If a province of her own free will declines to sign an agreement which leads to another device, it cannot be denied that right by the federal government unless the present wording of the compact be amended. One might object that the federal government has undertaken to sign no new agreement providing new benefits without extending it to other provinces.

That objection can easily be overcome because as a matter of fact, Mr. Speaker, this is not a new agreement, since Quebec has declined to sign a fiscal agreement. The full Quebec income tax deduction would carry no new benefit; it would only correct an injustice. Which other province would consider it an advantage to receive nearly $25 million less than the amount written in its fiscal agreement? In deducting the full Quebec tax the government merely releases the Quebec taxpayer from an overcharge.

Another objection which might be raised would be the fear on the part of the government that the request of the province of

Quebec might give to the other provinces the idea to ask for the same right and claim their entire share of income tax.

I find an eloquent answer to that objection in the 1952-1953 budget speech by the Minister of Finance, in which he dealt with federal-provincial relations. I quote *Hansard* for February 19, 1953, at page 2131:

> As the house knows, his proposals took the form of optional agreements relating solely to taxes, known popularly as tax rental agreements. The virtue of this approach was that it was not dependent for success on the unanimous acceptance by all provinces. A cardinal principle in the offer was that no pressure, direct or indirect, should be placed on any province to accept an agreement.

Further on, the minister adds:

> This double-barrelled system would, I think, imply the unanimous acceptance by all provinces before it could be adopted. This might never be possible. As a matter of fact, I am by no means sure if I were a provincial minister of finance that I would agree to such an arrangement. I am afraid I would find something repugnant in the idea that an outside body—a board, council or commission—would be investigating provincial affairs and determining the size of the fiscal needs for a particular period which amount in turn would be the measure of the federal grant.

Those words of the Minister of Finance uttered in this house last year also favour the deduction of the Quebec tax.

The federal government cannot contend that it fears that the province might increase her requests up to 100 per cent of the tax. The offer of a fiscal agreement sets a standard and the request made in this motion is inferior to it by several million dollars. That is why to accede to Quebec's request would not be detrimental to any province or to the federal government.

How can the Minister of Finance say that the principle underlying the taxation question is that no direct or indirect pressure will be brought to bear upon the provinces and that their choice would be optional, if, in order to exercise her rights to taxation, a province must assume an additional burden of $25 million?

If the federal government refuses to authorize the deduction of the Quebec tax, that will go against the statement of the Minister of Finance and will mean rather: "I leave you free to accept or not the tax agreement, but if you reject it, that will cost you another $25 million." It is not the Quebec government that should be considered by the federal government but the taxpayers of this province which must not be penalized because they have made the choice which, even according to the federal government, they were free to make.

The basis of the American constitution is this great democratic principle: "No taxation without representation". I believe that the opposite is also true. No government could efficiently carry on, deprived of its taxation powers.

It becomes a servant of the central state, an honorary body, and thus destroys the very existence of its national entity which is a constituent part of confederation.

Nobody in this country can deny that the confederative pact was a convention between two races. The Massey commission is definite in that regard. Every eminent Canadian has praised the dual culture which is the basis of Canadian unity. No single important politician in this house has failed at one time or other to emphasize the importance of maintaining Canadian unity by respecting the dual culture which is the most valuable attribute of Canada. It is therefore agreeing in principle to the fact that each racial group has the right and duty to have its own culture flourish and, thus, to develop our national life.

Therefore there can be no over-all or universal formula to develop both racial bases of the Canadian people equally. That is why it is up to each racial group to direct its destinies the richness of which is found in their diversity. The province of Quebec, the natural garden of French culture, has an exclusive right in the pursuit of its national destiny.

Its aim is to retain it within the framework of its autonomy, and the taxation issue serves to put that autonomy in a concrete form; even if it were mistaken, Quebec is the only one having the right to commit that error.

To deny it the right of choosing its own method of attaining its destinies is to seek to destroy that Canadian unity based on a dual culture.

Mr. Robert Perron (Dorchester): Mr. Speaker, I welcome the opportunity to take part in this debate.

The matter under discussion is of very great importance to at least half the taxpayers of the province of Quebec. At the same time it is of the very greatest importance, from the point of view of the principles involved.

Before entering into the heart of the matter, may I be allowed to congratulate the hon. member for Chicoutimi (Mr. Gagnon) who has initiated this most important debate. As far as I am concerned, Mr. Speaker, it is the first time that I am privileged to speak in this house. I crave your indulgence, especially since I am rising after the eloquent speeches which we have just heard.

The government of the province of Quebec, therefore, in the session just ended, has

adopted legislation taxing the income of a certain number of its taxpayers. I will not spend any time discussing the various details of this legislation. I would nevertheless like to say briefly and simply that it only affects those taxpayers whose income is greater than $3,000, and more if they are married, and the single persons who earn more than $1,500 a year, and the rate of this income tax is 15 per cent of the federal tax.

The purpose of this provincial legislation and the reasons why it has been adopted are outlined in the preamble of the act, 2 and 3, Elizabeth II, chapter 17 of the statutes of the province of Quebec. The act which was adopted by the legislature this year is entitled: "An act guaranteeing to the province the income required by its developments".

Mr. Speaker, I should like to quote the preamble of this act which outlines its purpose and which, at the same time, is a declaration of principle:

> Considering that the extraordinary progress enjoyed by the province in the last few years implies ever-increasing governmental expenses, especially in the fields of education and public health;
>
> Considering that it is essential to the survival of the provinces that they have at their disposal the necessary financial resources to exercise their rights and fulfil their obligations;
>
> Considering that the Canadian constitution grants priority to the provinces in the matter of direct taxation;
>
> Considering that the province wishes to co-operate with the federal authority in order to establish a fiscal system that is fair, proper and in accordance with the spirit and the letter of the federative pact;
>
> Considering that, in that spirit of co-operation, the province, since 1946, has not availed itself of its rights in the matter of income tax;
>
> Considering that it would be unfair and detrimental to the province if it were deprived any longer of a source of revenue where it has a priority by right and which it requires in order to face the new needs resulting from its powerful development;
>
> Considering that, under the circumstances, it is advisable to enact for a period of three years . . .

. . . an act taxing the income of the taxpayers in the province; and section 168 states more precisely the purpose of the act. I quote:

> The purpose of this bill is to provide for expenses which are necessitated on account of the needs and the developments of the province in the fields of education, public health and social legislation, and all revenue derived from it will be used to such ends as the lieutenant governor in council may determine for each fiscal year.

In other words, as Quebec lacks the means required to meet the growing needs of education, public health, and of the different social measures which it has to administer, the province had to find a new source of revenue.

Those who have examined the financial position of the universities in our province during recent years, as well as that of our secondary schools and of the various specialized institutions within our Quebec school system; those who, in another field, are familiar with the balance sheet of our hospitals, of our asylums, our charitable institutions, have been able to satisfy themselves that those resources are necessary in the various fields of social activity, and that there is a great need of money.

Those needs are due, up to a certain point, to the tremendous development of the province of Quebec, a development that also prevails throughout the country.

No one has denied, up to now, and no one will dare deny I hope, that the province of Quebec has the right to tax the revenue of its citizens. The question is whether the federal government will allow this new provincial tax to be deducted from the tax it collects.

Section 92 of the British North America Act sets forth, among matters exclusively reserved to the provinces, "direct taxation within the province". It is perhaps the clearest clause in the constitution. Even if section 91 confers on the federal government the power to collect moneys, by any means or system of taxation, in fields other than those reserved to the provinces, it follows that the provinces enjoy at least a priority right in that field.

Moreover, it is the historical interpretation given to those sections of the constitution. And, on constitutional matters, we must not disregard history if we want our federative system to survive.

In 1917, when the federal government established the income tax as a temporary measure to meet war expenditures, the then minister of finance, Sir Thomas White, stated in that debate, as reported at page 1441 of *Hansard* of 1917, volume II:

> The income tax is peculiarly within the jurisdiction of the province and is a suitable tax for the purposes of the province and the municipality.

Up until that time income tax had been considered to be a provincial matter, and was considered as such thereafter, so much so that when the matter of wartime taxation agreements was brought up in 1941, the hon. minister of finance, Mr. Ilsley, stated:

> It is proposed, therefore, as a temporary expedient for the duration of the war only, to ask the provinces to vacate these two tax fields.

That is the personal income tax and the corporation tax. And when in 1942 the provinces entered into an agreement with the federal government, surrendering for the duration of the war their rights with respect to the personal income tax and the corporation tax, it was then agreed that:

> The dominion alone will have the right to levy taxes on the income of individuals, institutions and

corporations for the calendar year ending on the 31st of December nearest to the date of expiry of this agreement and it undertakes to deduct from the taxes on personal and corporate incomes for the next calendar year an amount which will allow the province to re-enter the field of personal and corporate income taxes.

The sentence is perhaps a bit long and in rather poor French, but nevertheless it is a quite clear and well defined pledge which indicates exactly the respect for the spirit and the letter of this pledge that the taxpayers of Quebec are asking for today. Quebec did not sign any fiscal agreements in 1947 and 1952 and the only agreement still remaining between the province and the federal government is the one signed in 1942.

In 1947 and 1952, the government signed agreements with the other provinces, agreements that the government has always held to be free and voluntary. Some provinces did sign cheerfully. Others did it with the knife at their throat!—

Some hon. Members: Oh! oh!

Mr. Perron: —according to the phrase used by the premier of Nova Scotia. The province of Quebec declined to sign because she was unwilling, and rightly so, to forsake her autonomy.

To say that an agreement is free and voluntary and to state moreover that failing to sign will cost taxpayers between 20 and 25 million dollars more is, to say the least, illogical and it strangely reminds us of the knife at one's throat referred to by the premier of Nova Scotia.

Now the province of Quebec has decided to tax personal income and to take back the rights she had rented in 1942. Will the federal government refuse her taxpayers the necessary deduction? When this should be but a redistribution of taxes, some people want to make it a new tax, a heavier burden. Taxpayers have been paying annually for the last ten years millions of dollars to the federal treasury for the benefit of Canadians in general and without deriving themselves any benefit whatsoever. The federal government acts in the same way as a tenant who would refuse to give back to the landlord even a part of the dwelling.

It would be understandable at least if someone suffered. But the federal government is ready to grant $115 million to the province of Quebec if that province will sign an agreement. And yet the federal government would not agree to do without a revenue of about $20 million, an amount which, added to the product of other taxes collected by the province, would represent a total of $90 million! In other words, the federal government would be saving money. I cannot see how it would lose in accepting those deductions.

If the revenue of such a tax plus that of the other taxes mentioned in the agreements with the other provinces were greater than the amount which the province would have received if it had signed such an agreement, the government would have some justification in refusing, not completely but at least up to the amount of the grants. Such is not the case however; the contrary is true.

Besides, the government has already admitted, on two occasions, I believe, the principle of deductibility. This was when it amended the corporation income tax legislation in order to allow companies to deduct 7 per cent of their federal tax, i.e. the amount of the Quebec provincial tax. The same thing happened when these companies were allowed to deduct the amount that they were called upon to contribute to the educational fund of the province of Quebec, and that, by means of an amendment adopted at the last federal session.

Mr. Speaker, I understand it is now ten o'clock, but I could conclude my remarks in two or three minutes.

(Text):

Mr. Speaker: Do hon. members give unanimous consent to the hon. member to complete his remarks? He says he can finish in a minute or two.

Some hon. Members: Yes.

Mr. Speaker: Agreed.

(Translation):

Mr. Perron: I was saying, then, that the government had admitted, on two occasions, the principle of deductibility, that is first in the case of corporation income tax, and again in the case of the amounts these companies were called upon to pay the province for educational purposes. Must we then conclude that the government lends a favourable ear to the corporations' requests and yet turns a deaf one to those of the taxpayers? Must we conclude then that the government's hearing is more acute when it is a matter of listening to representations made to it by corporations and yet that it is unable to hear those made by 300,000 taxpayers of the province of Quebec?

The two main sources of revenue involved in the agreements with the provinces are personal income tax and corporation income tax. Why should the government refuse to make the same allowances as regards both personal income tax and corporation income tax?

Even if there were some doubt or at least some discussion—which I do not admit, however—as to whether agreements with the provinces violate the autonomy of the provinces, even if it could be held that the power to collect its own taxes is independent from the power of legislating and, in other words, that the power of legislating is divorced from that of levying the necessary funds to administer the legislation enacted; even if it can be held that grants from the central government to universities do not interfere with education, which comes under the sole jurisdiction of the provincial government, one thing is certain, that is that in enabling the provinces to use their taxation right, without penalizing the taxpayers, we shall put an end to the dispute, preserve autonomy and do justice to everyone.

Before concluding my remarks, Mr. Speaker, I wish to sum up by saying that we must not forget that there are things which cannot be sold and which a government should not try to buy.

There are 3,000,000 French-speaking Canadians in the province of Quebec. The province has her own history, traditions, customs, tongue and faith, which set her apart in our confederation.

The province of Quebec, if I may say so, would like to preserve its personality, while continuing to maintain cordial relations with the rest of the country and to respect the absolute rights of the minorities within its own borders.

The province of Quebec is asking for no favour, but it would like to be treated fairly. I cherish the hope that the present government will do it justice.

(Text):

On motion of Mr. Blackmore the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Harris: Mr. Speaker, we shall continue this debate tomorrow and if the motion to go into supply is carried we will take the departments of mines and technical surveys and transport. I understand it is the desire of hon. members, perhaps not all, to have the motion disposed of tomorrow so that we can proceed on Thursday with the motion I mentioned preparatory to the debate on external affairs.

At ten o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Wednesday, March 24, 1954

The house met at 2.30 p.m.

RAILWAYS AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Mr. H. P. Cavers (Lincoln) presented the first report of the sessional committee on railways and shipping owned, operated and controlled by the government, and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILL

REFERENCE OF PETITION TO COMMITTEE ON STANDING ORDERS

Mr. John Hunter (Parkdale) moved:

That the petition of Wilfrid Lavoie for a bill of divorce presented March 23, 1954, together with the report made thereon by the clerk of petitions March 24, 1954, be referred to the standing committee on standing orders for such recommendations as may be deemed advisable.

Motion agreed to.

QUESTIONS

CANADIAN NATIONAL RAILWAYS, MONCTON—REAL ESTATE

Mr. Brooks:

1. Has the Canadian National Railways recently purchased any real estate in the city of Moncton?
2. If so, (a) where is it located; (b) from whom purchased; (c) price paid?

Mr. Langlois (Gaspe):

The Canadian National Railways advise as follows:

1. Yes.

2. (a) Between the right of way of National Transcontinental Railway and the old Intercolonial Railway; (b) city of Moncton; (c) it is not the policy of the company to divulge prices paid in transactions of this nature.

FEDERAL SECURITY PANEL SECRETARIAT—PERSONNEL

Mr. Fulton:

From what government departments or agencies are the personnel forming the secretariat of the security panel selected?

Mr. St. Laurent: The personnel forming the secretariat of this committee, like that for most other interdepartmental committees, are selected from the privy council office.

FEDERAL SECURITY PANEL—GOVERNMENT DEPARTMENTS OR AGENCIES REPRESENTED

Mr. Fulton:

What government departments or agencies are represented on the security panel?

Mr. St. Laurent: Like other interdepartmental committees, the security panel is made up of representatives from those departments most directly concerned with the matters to be considered. In the case of the security panel these are at this time: the Department of National Defence, the Department of External Affairs, the Department of Defence Production, the Department of Citizenship and Immigration, the Department of Northern Affairs and National Resources, the Royal Canadian Mounted Police and the privy council office. It is also provided that representatives of other departments and agencies may be asked to attend meetings at which matters of particular concern to them are to be considered.

ORGANIZATION OF AMERICAN STATES

Mr. Holowach:

1. Has Canada ever been a member of the inter-American association or the O.A.S., (Organization of American States) formed in 1890?
2. If so, during what years was Canada a member?
3. If not, what are the particular reasons for Canada not being a member?
4. What nations are now members of the above organization?
5. Has the government a knowledge of the basic democratic principles incorporated in the charter of this association of North and South American countries? If so, what are the principles enunciated?
6. Was an invitation from any source extended to Canada to participate or send an observer to the tenth inter-American conference held recently at Caracas, Venezuela?
7. If so, from whom was the invitation received?
8. Did Canada have any observers or delegates?
9. If not, for what reason was there no observer or delegate present?
10. Has Canada been officially informed of the general action and policy for the succeeding five years as enunciated at the tenth conference of the inter-American association?
11. Is the Canadian government in agreement with the anti-communist resolutions passed at the conference?
12. What position does the government take with respect to such resolutions?

Mr. Pinard:

1. No.

2. Answered by No. 1.

3. Canada's position with regard to the Organization of American States was

explained to the house by the Prime Minister on March 27, 1953. (See *Hansard*, page 3341.)

4. Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, El Salvador, United States, Uruguay and Venezuela.

5. Yes. The charter of the Organization of American States, signed at Bogota, Colombia, in 1948 is a public document.

6. No.

7. Answered by No. 6.

8. No.

9. Delegates may be sent only by states which are members of the organization and Canada is not a member. There is no provision in the charter of the organization or the regulations of the conference for governments to send observers.

10. No.

11 and 12. The government's position with regard to the threat to the free world presented by communism is a matter of public record and there seems to be no reason for it to be restated in relation to a resolution of the Organization of American States.

KURT MEYER

Mr. Cameron (Nanaimo):

1. Was SS. General Kurt Meyer convicted solely on evidence of crimes against Canadian troops?

2. Was the Canadian government consulted about the personnel of the tribunal which recommended commutation of his sentence?

3. If so, did the Canadian government give its consent to the inclusion of two German members on that tribunal?

Mr. Blanchette:

1. Yes.

2 and 3. Article 6 of the "Convention on the settlement of matters arising out of the war and the occupation" (known as the "Bonn convention"), entered into between France, the United Kingdom and the United States of America, on the one hand, and Germany on the other, provides for the establishment of a mixed board, consisting of six members, one to be appointed by each of the three occupying powers (France, the United Kingdom and the United States of America) and three to be appointed by the federal German government. This tribunal was to look into the sentences of each of the war criminals and make its recommendation to the government of the occupying power concerned.

Due to the delay in bringing this agreement into effect, the occupying powers and Germany agreed to establish mixed advisory boards to review the sentences of war criminals in each of the respective French, British and United States of America zones. Pursuant to this arrangement, a board was established to review the sentences of prisoners in the British zone by order of the British high commissioner, dated September 1, 1953. This board was to consist of five persons appointed by the United Kingdom high commissioner, two of whom were appointed at the nomination of the federal German government.

Canada was not an occupying power and consequently was not a party to either of the above-mentioned two arrangements. However, the Canadian government was kept informed of the negotiations throughout leading to the appointment of the board established in the British zone and did agree that the sentence of Kurt Meyer should be looked into and reported on by that board in precisely the same manner as the sentences of all other war criminals held in the British zone. It is understood that the review of war criminals' sentences in the French zone and the United States of America zone followed the same pattern as that in the British zone.

FEDERAL SECURITY PANEL SECRETARIAT—FUNCTIONS

Mr. Fulton:

1. What are the functions of the secretariat of the government security panel?

2. Does the secretariat, in discharging its duties, in fact exercise most of the functions for which the security panel was originally created?

Mr. St. Laurent:

1. The functions of the secretariat of the security panel are no different from those performed by the secretariats of other government interdepartmental committees. They are, under the direction of the panel, to prepare papers for its consideration, to transmit its views to government departments, and to carry out such routine duties arising from its work as the panel itself may from time to time direct.

2. No.

WATER POLLUTION—PREVENTIVE LEGISLATION

Mr. Diefenbaker:

1. Has the government received representations from either the city of Prince Albert, the town of North Battleford or The Pas, or from any organizations in any of said municipalities requesting that the Criminal Code and/or the Fisheries Act be amended so as to constitute an offence where pollution of rivers or streams takes place which has been caused by anyone dumping therein chemicals, or other substances which causes the waters of such rivers or streams to be contaminated in taste or odor?

2. If so, has the government decided whether legislation will be introduced at the present session to make it an offence under the Criminal Code

and/or under the Fisheries Act for anyone to pollute any stream or river of the waters on which people depend for domestic or industrial purposes?

Mr. Pickersgill: Mr. Speaker, part 1 could be made an order for return. The answer to part 2 is that it is not the practice to state government policy in answer to questions on the order paper.

Mr. Diefenbaker: That will give great hope to the people.

Mr. Speaker: Order for return, subject to the remarks of the minister.

SAINT-JEAN MILITARY COLLEGE—CIVIL EMPLOYEES

Mr. Dufresne:

1. Have any civil employees been recently appointed to the administrative staff of le Collège Militaire Royal de Saint-Jean, province of Quebec?
2. If so, (a) what are their names; (b) on what dates were they appointed; (c) what positions do they occupy in the administration?
3. Are they bilingual?

Mr. Blanchette:

1. No civilian employees engaged on administrative duties have been appointed since September 1, 1953.
2. Not applicable.
3. Not applicable.

TOTAL NATIONAL INCOME AND PRODUCTION, 1910-1953

Mr. Leboe:

1. What was the total national income for each year from 1910 to 1953?
2. What was the total national production for each year from 1910 to 1953?
3. What percentage of the national production was for war during each year (a) 1914 to 1918; (b) 1939 to 1953?

Mr. Dickey:

1, 2 and 3.

	(1) National income	(2) National production (G.N.P.)	(3) War and defence	(4) Col. (3) as percentage of col. (2)
	($ million)	($ million)	($ million)	(per cent)
1926	4,185	5,294	15	0·3
1927	4,417	5,647	19	0·3
1928	4,823	6,105	20	0·3
1929	4,789	6,166	22	0·4
1930	4,283	5,546	24	0·4
1931	3,333	4,560	18	0·4
1932	2,630	3,767	14	0·4
1933	2,452	3,552	20	0·6
1934	2,897	4,034	22	0·5
1935	3,188	4,345	27	0·6
1936	3,487	4,701	25	0·5
1937	4,062	5,355	33	0·6
1938	4,018	5,233	36	0·7
1939	4,373	5,707	70	1·2
1940	5,263	6,872	543	7·9
1941	6,563	8,517	1,046	12·3
1942	8,337	10,539	3,100	29·4
1943	9,043	11,183	3,565	31·9
1944	9,826	11,954	4,299	36·0
1945	9,840	11,850	2,891	24·4
1946	9,821	12,026	847	7·0
1947	10,985	13,768	227	1·6
1948	12,560	15,613	236	1·5
1949	13,194	16,462	361	2·2
1950	14,550	18,203	493	2·7
1951	17,128	21,466	1,157	5·4
1952	18,135	23,110	1,800	7·8
1953	18,977	24,242	1,909	7·9

NOTE: Comparable data not available prior to 1926.

SAINT-JEAN MILITARY COLLEGE—APPOINTMENT OF PROFESSORS

Mr. Dufresne:

On what date were the following professors appointed to le Collège Militaire Royal de Saint-Jean, province of Quebec: Samuel E. Stallard (mathematics); Donald E. Tilley (physics); Walter Thumm (physics); Eli Mandel (English), and Gordon Smith (history)?

2. What was the occupation of each of them at the time of their appointment?
3. Are they bilingual?

Mr. Blanchette:

1. Samuel E. Stallard, July 2, 1953.
   Donald E. Tilley, September 15, 1953.
   Elias Mandel, July 2, 1953.
   Gordon Smith, August 1, 1953.

Flying Officer W. Thumm, as a member of the R.C.A.F., was merely seconded from the school of English at St. Johns, Quebec, to lecture in physics when no other suitably

qualified candidate was secured as a result of a competition; he took up his duties on August 1, 1953.

2. Mr. Stallard was a graduate assistant in mathematics at Queen's University. Mr. Tilley was a part-time lecturer in physics at Sir George Williams' College and at Macdonald College. Mr. Mandel was an instructor in English at University College, Toronto. Mr. Smith was an instructor in history at the University of Alberta.

3. Of the five professors above named, four are civilians appointed as a result of competitions held by the civil service commission. The notice for teaching positions at le Collège Militaire Royal de Saint-Jean pointed out that in the exercise of certain duties it would be necessary to lecture in English while for others it would be necessary to lecture in French. English-speaking, French-speaking and bilingual candidates were invited to apply. As a result of the competitions, forty professors were appointed, of whom ten were assigned to lecture in French only, six in English only, and the remaining twenty-four in both languages. Among the six assigned to lecture in English only are the five professors mentioned in the question.

COAL AND GOLD MINES—NUMBER OF EMPLOYEES

Mr. Purdy:

According to the latest figures, what is the number of employees in (a) the coal mines of Canada; (b) the gold mines of Canada?

Mr. Dickey:

(a) and (b)

Number of Employees

1953	Coal Mining	Gold Mining
Jan. 1	22,777	20,302
Feb. 1	22,818	20,306
Mar. 1	22,412	19,957
Apr. 1	21,191	19,888
May 1	20,881	19,945
June 1	20,476	20,112
July 1	19,623	20,196
Aug. 1	19,517	19,926
Sept. 1	19,236	18,956
Oct. 1	19,607	15,934
Nov. 1	19,965	15,820
Dec. 1	20,155	15,379
Average for year	20,722	18,893

Source: Reports from employers having 15 or more employees.

Note: The declines in employment in gold mining during the later months of the year were largely caused by labour-management disputes in this industry.

[Mr. Blanchette.]

IMPORTS—SOYA BEANS AND COPRA

Mr. Pommer:

1. What amount of soya beans was imported into Canada in the year 1953?

2. What amount of copra was imported into Canada in the year 1953?

Mr. Dickey:

1. 274,807,510 pounds.

2. 24,828,590 pounds.

*EXTERNAL AFFAIRS—SECURITY—STATEMENT OF MINISTER

Mr. Fulton:

1. Did the Secretary of State for External Affairs make the following statement in Washington, D.C., on March 15, 1954, in connection with the Canadian government's method of dealing with communist subversion: "We leave that to the agencies of government appointed for that purpose, who work quietly and, we think, fairly and effectively and normally without benefit of headline; and who are all responsible to some minister. He in his turn is responsible to parliament, of which he is an elected member, and answers for the conduct of his officials on the floor of the House of Commons"?

2. If so, does this statement reflect official government policy?

3. Will the government now give answers to questions in the house seeking information as to the nature and extent of its security program, including answers to the questions following?

4. What agencies of government have been appointed for the purposes referred to?

5. To what minister are they responsible?

6. Who are the officials for whom the minister is answerable to parliament in this field?

7. What are the activities of these agencies for which the minister concerned will give answers in the house?

8. What is the total number of government employees of all categories dismissed, released from government service, or transferred to less sensitive positions in the government service, for security reasons, since January 1, 1947?

Mr. St. Laurent: Mr. Speaker, this question has before it an asterisk, which denotes that the hon. member putting the question wishes to have it answered orally. This question is in eight paragraphs, the first of which is as follows:

Did the Secretary of State for External Affairs make the following statement in Washington, D.C., on March 15, 1954, in connection with the Canadian government's method of dealing with communist subversion:

And then follows the quotation. The answer to that question is yes.

The second question is:

If so, does this statement reflect official government policy?

The answer is that this statement is a description of Canadian parliamentary practice and government organization, and the way it normally works, rather than a declaration of policy.

The third paragraph is as follows:

Will the government now give answers to questions in the house seeking information as to the nature and extent of its security program, including answers to the questions following?

This question is answered by the answers to Nos. 2 and 7. They are a description of Canadian parliamentary practice, and how it works.

The fourth question is:

What agencies of government have been appointed for the purposes referred to?

The answer is that the civil service commission is charged with the duty of determining the qualifications of candidates applying for positions in the public service and for making normal inquiries regarding their character and competence. The Royal Canadian Mounted Police are charged with the duty of making special investigations relating to security. All ministers and the departments and agencies which they direct have the duty of determining whether or not persons whom they employ and retain in employment are reliable from a security point of view. The security panel has been established as an interdepartmental committee for consultation between officials whose duty it is to assist ministers on security matters, and for the preparation of general questions in this field for the consideration of the government.

Then, the fifth question:

To what minister are they responsible?

The answer is that the civil service commission, in the making of appointments, acts within the scope of the Civil Service Act and is responsible directly to parliament through the Secretary of State.

The Royal Canadian Mounted Police are responsible to the Minister of Justice (Mr. Garson) and report through him to parliament. Each department, in the administration of its own personnel, is responsible to the minister who is the head of that department. The government as a whole has and accepts responsibility for all procedures or policies of general application which may arise from the work of the security panel. Normally it is the Prime Minister or the Minister of Justice who answers in parliament in regard to these matters, but if they are especially concerned with one department it might be the minister of that department who would feel called upon to answer in parliament.

Question No. 6 reads:

Who are the officials for whom the minister is answerable in parliament in this field?

Well, the minister is answerable in parliament for the decisions made and any actions taken by him or in his department by any of the officers of that department. Question No. 7 reads:

What are the activities of these agencies for which the minister concerned will give answers in the house?

Well, the extent and nature of the answer to be given in the house have to be determined in respect of every question that arises.

Then, question No. 8 reads:

What is the total number of government employees of all categories dismissed, released from government service, or transferred to less sensitive positions in the government service, for security reasons, since January 1, 1947?

I understand that by "security reasons" the hon. gentleman is concerned with reliability with respect to loyalty, and on that assumption the answer is as follows: Reasons for the transfer or removal of government employees because of unreliability include not only indications of communist or fascist activities or associations, but also indications of weakness of personality or character or habits, and circumstances that render a person susceptible to pressure or blackmail, or unintentional indiscretions. Security reasons involving risks of disloyalty are only part of the circumstances giving rise to certain removals or transfers. To segregate the cases of suspected unreliability with respect to loyalty, it would be necessary to analyse the circumstances of each case where there has been a dismissal or a transfer to determine the degree to which security reasons of that kind were responsible for the removal or the transfer, and that would make it, if not impossible, very difficult to draw up a list that could set out in a mathematically accurate way the number of cases—and they are not very numerous, you know—where there have had to be removals or transfers because of indications of unreliability with respect to loyalty to Canada.

It is practically impossible to give the exact number of employees of all categories dismissed, released or transferred for such security reasons, and if that list were established it might even be found to be not in the best interests of the public to make that kind of list public.

Here hon. members will realize that whenever anything like that has to be done, it is of course done because we feel it is necessary; but we feel sorry, whenever there does arise that kind of case, that action has to be taken, and we endeavour to act as a discreet employer and not to give any publicity that would be unnecessarily harmful, because, as has been said more than once here, we do not attempt to find guilt. We merely attempt to discharge our responsibility to be careful. We

are not in the position of a court trying an individual and having to have direct evidence, but we would rather have the benefit of the doubt go the other way. If there is any doubt about the likelihood of there being disloyalty, we just cannot take any risks; but we do not feel that we are making any kind of conviction that would justify branding an individual in such a way as to cause him harm in the community generally. Whenever there are questions, we have to consider whether or not it is in the public interest that there be this possibility of identification that will cause unnecessary prejudice to an individual who has not had any trial, against whom no charge has been brought, but about whom we feel it would be undesirable to take risks.

I mentioned the possibility of there being, well, involuntary indiscretions. We know of cases where that has happened. In an evening party something occurs that unloosens one's tongue, and it wags more freely than it should in view of the information one has acquired because of his official position. We do not want to make that a scandal, but we do feel that it requires being careful and cautious, and I assure hon. members that we do try not to be unfair; but we also do try not to raise any hysterical anxiety over the personnel of the public service, because my experience has been that on the whole Canada is entitled to be proud of both the loyalty and the devotion of most of its public servants.

[*Later:*]

Mr. Fulton: Having regard to the answer the Prime Minister gave me earlier this day, and particularly the answer to part 8, might I ask if the Prime Minister is aware of the fact that on two occasions in the United Kingdom details as to the number of government employees released for security reasons have been given, and also that the names of an advisory board which hears security cases have been made public? In the light of that information, will the Prime Minister reconsider the matter of whether or not similar information could be produced in Canada?

Mr. St. Laurent: Well, Mr. Speaker, of course this government has no responsibility for what is done in the United Kingdom. Naturally, this government is always impressed by what is done in other countries, and it does consider whether what is done elsewhere would be appropriate to Canadian conditions. I know the hon. member is just as much concerned about this subject as we can be on this side of the house, and is concerned that the measures be effective without being unfair. I expect there will be a discussion about it when we come to the estimates of the Department of Justice.

If at that time the hon. member still feels that we are not going far enough, and will give his reasons, I can assure him they will be carefully considered, because it is not a matter between one party and another party. It is a matter in which all responsible Canadian citizens want to be fair, but they want the government to be prudent.

Mr. Fleming: May I ask the Prime Minister a question on that point? What provisions, if any, exist for appeal on the part of a public servant affected by such decisions?

Mr. St. Laurent: There has been no formal mode of procedure set up, but I believe the gravity of making a removal or an exchange is always one of the considerations that the minister responsible for it has in mind. There are some cases where a thing like that can be done, you know, and it involves no possible unfairness. A suggestion may be made that an ordinary messenger become a confidential messenger. Whether or not he shall be made a confidential messenger has not been brought to his attention, so that is not dealt with nearly as seriously as where an officer in an important grade in the service is found to be someone who should be transferred to some other department.

We gave consideration to the possibility of appeal, and we even inquired from the officials in the United Kingdom how it worked there. We have not yet been able to convince ourselves that there would be any greater assurance of fairness to an individual by going beyond the rather informal character of the proceedings that are now taken in that regard. We have not found any system that could be considered as an appeal that would work.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CAPE BRETON PARK—BRIDGES

Mr. Nowlan:

In each of the calendar years since the Cape Breton park was instituted, how much money has been spent by the government of Canada for or in connection with each of the bridges in or adjacent to the said park?

Mr. Lesage: Return now tabled.

RURAL MAIL ROUTES—DISCONTINUANCE IN PRAIRIE PROVINCES

Mr. Pommer:

1. Have any rural mail routes been discontinued in 1953, in (a) Manitoba; (b) Saskatchewan; (c) Alberta?

2. If so, in what locations?

3. Are steps being taken to discontinue any rural mail routes in (a) Manitoba; (b) Saskatchewan; (c) Alberta, in 1954?
4. If so, in what locations?

RURAL MAIL COURIERS—CONTRACT PRICES

Mr. Kickham:

1. Since 1935, has the government increased rural mail couriers contract prices?
2. If so, on what dates and in what amount?
3. What has been the total percentage of increase granted to all mail couriers since the above date over their own firm tender contract price?
4. What is the average rate of remuneration per mile now paid in each of the ten provinces of Canada for rural route service?

BELCHER HOSPITAL—TOTAL BED CAPACITY

Mr. Hansell:

1. What is the total bed capacity in the Belcher hospital, Calgary?
2. How many patients were treated, other than preliminary examinations in 1953?
3. What has been the total percentage of incraese pital, what are the categories of employment, and how many in each category?

MOTIONS FOR PAPERS

ST. LAWRENCE WATERWAY

Mr. Diefenbaker:

For a copy of all correspondence that passed between any department of the government of the United States and any department of the government of Canada, and a copy of all agreements entered into, since the 1st day of January 1952, in connection with the St. Lawrence waterway and power project.

Mr. Pearson: Mr. Speaker, there is no difficulty in regard to the production of information sought in the last part of this question. It deals with all agreements entered into, since the 1st day of January, 1952, between Canada and the United States in connection with the St. Lawrence waterway and power project.

The first part of this question, however, asks for correspondence between the two governments in this matter. Such correspondence, being diplomatic correspondence between two governments with a view to working out an international agreement, and in that sense working papers leading up to that agreement, is normally privileged and not made public. There would therefore be a very real difficulty in producing that correspondence, quite apart from the fact that the consent of the United States government would have to be obtained.

Mr. Diefenbaker: Would the minister allow a question? Would the United States government raise any objection to producing that correspondence?

Mr. Pearson: At this time I am not objecting to it on that ground at all, but on the ground that this kind of correspondence is privileged here and is not produced.

Mr. Speaker: Subject to the statement by the minister, is the motion carried?

Motion agreed to.

JEHOVAH'S WITNESSES—CORRESPONDENCE

Mr. Gagnon:

For a copy of all correspondence exchanged since January 1, 1948, between the international Bible students, the watchtower and tract society, the Jehovah's witnesses and the national defence, justice and post office departments and the Canadian Broadcasting Corporation.

Mr. Pickersgill: I have spoken to the hon. member who is moving this motion, and suggested to him that the words "of a general nature" be inserted in the motion after the word "correspondence". It has been represented to me, by all the four departments concerned, that if we left the motion in its present form they would have to search every file they have because their filing system is based on subject. I have informed the hon. member of this fact, and he agrees that if we put those words in it would not be necessary for the department to scrutinize all their files but only to look in the most likely places for this correspondence. If the motion can be passed on that basis, it is quite agreeable to the government.

Mr. Speaker: Shall the motion carry, subject to the statement by the minister?

Motion agreed to.

COMBINES INVESTIGATION ACT

CIGARETTES—COMPLAINT ON LOSS LEADER PRACTICES IN QUEBEC

On the orders of the day:

Mr. Hector Dupuis (St. Mary): I should like to direct a question to the Minister of Justice. Has the minister received a telegram from the retail tobacco merchants of Quebec, complaining against the selling of tobacco at cut prices, especially cigarettes which in some stores are sold at cost price and in some instances below cost price? If so, has the minister any declaration to make now with regard to this matter?

Hon. Stuart S. Garson (Minister of Justice): I wish to thank the hon. member for having given me notice of his question. I have received such a telegram, and I have written in reply to Mr. E. Falstrault, secretary of the retail tobacco association in Montreal, to the effect that the restrictive trade practices commission is now engaged in an inquiry into the

practice of loss leader selling in the cigarette field and in other fields. The commission has announced that it will hold hearings beginning in early May for the purpose of receiving information and submissions. I have sent a copy of Mr. Falstrault's telegram to me to the commission so that the commission may advise the retail tobacco association as to the time and place of its hearings in the Montreal district, since I gather from the telegram that the association would wish to appear before the commission.

The purpose of the inquiry is to try to determine the prevalence and effects of the practice and to recommend suitable amendments if necessary to the Combines Investigation Act.

LOSS LEADERS—HOLDING OF COMMISSION HEARINGS

On the orders of the day:

Mrs. Ellen L. Fairclough (Hamilton West): Mr. Speaker, I should like to direct a question to the Minister of Justice. Can the minister inform the house at what points in Canada it is proposed to hold hearings under the restrictive trade practices commission on the subject of loss leader selling?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I cannot do so in detail but I can find out from the commission and inform the house tomorrow, if indeed the commission itself has as yet decided.

INCOME TAX

DEDUCTIBILITY OF QUEBEC PROVINCIAL TAX

On the orders of the day:

Mr. Leon Balcer (Three Rivers): I should like to direct a question to the Prime Minister. When can we expect the government to take a position on the question of the deductibility of the Quebec provincial income tax, and when can we expect that position to be made public?

Right Hon. L. S. St. Laurent (Prime Minister): I think I should take the two parts as forming one question, and answer that government policy on fiscal matters is normally announced by the Minister of Finance (Mr. Abbott) in his budget speech, which this year, as has already been announced, is to be made on the evening of April 6. It can be expected the government's position in relation to the matter referred to in this question will be made public in that speech.

[Mr. Garson.]

ARMED FORCES

REPORTED REMOVAL OF UNITS AND SCHOOLS FROM CAMP BORDEN

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Will the Minister of National Defence, Mr. Speaker, give assurance that the current report that a substantial portion of the armed units and schools are to be moved from Camp Borden to the eastern part of Canada is not correct?

Hon. Brooke Claxton (Minister of National Defence): There is nothing in the report.

NARCOTICS

SUGGESTED SOURCE OF SUPPLY IN ITALY

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Has the attention of the Minister of Justice been drawn to a report in the *Globe and Mail* under date of March 23, 1954, to the effect that Sergeant Price of the R.C.M.P. said that he thinks Charles Luciano is the supplier of most of the illegal narcotics entering Canada by the west coast?

If so, can the minister inform this house if the R.C.M.P. has evidence to back up this statement, and if so will the Department of Justice be taking the matter up with the appropriate authorities in an endeavour to bring this vicious trade to a halt?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I wish to thank the hon. member for having given me notice of this question. In reply I would say that my attention has been drawn to articles which have appeared in the press which give the impression that a member of the R.C.M.P. narcotic drugs squad in Vancouver has given it as his opinion that Charles "Lucky" Luciano is responsible for the supplying of drugs now being smuggled into that city. I am advised that the member quoted merely referred the newspaper reporter to a report published by the subcommittee on narcotics of the judiciary committee of the California legislature in 1952 in which it is stated that Luciano has established headquarters in Italy from which he was supplying narcotic drugs to New York and San Francisco. The R.C.M. Police member did not express a personal opinion.

Luciano has been prominently mentioned in many newspaper headlines during the last few years which linked his name with the international drug traffic. His name has also been mentioned frequently by witnesses appearing before various vice commissions and committees in the United States.

I think the hon. member will understand that it is not a question of the R.C.M.P. having evidence, but I may say that the force has been in touch with police forces in several other countries in this connection and with the Italian police. I may also say that Luciano is the subject of a warning circular issued by the international police body.

COAL

INQUIRY AS TO SHUT-DOWNS IN ALBERTA

On the orders of the day:

Mr. E. G. Hansell (Macleod): Mr. Speaker, I would like to direct a question to the Minister of Labour. After sending the minister notice of this question it occurred to me that perhaps it may have been more appropriate to address this question to the Minister of Mines and Technical Surveys (Mr. Prudham). My question is this, based upon a telegram which I received this morning. Has the government any knowledge of the report appearing in the Calgary *Albertan* that the coal mines in Coleman, Alberta, are to close down operations on March 31, and that other mines in the Crowsnest pass are likely to follow with shut-downs? If so, does the government contemplate any remedial action?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, notice of my hon. friend's question reached me as I was entering the house. I have no information on the matter and I did not have an opportunity to speak to my colleague the Minister of Mines and Technical Surveys, who is more likely to have some information. Perhaps he could add something to my reply.

Hon. George Prudham (Minister of Mines and Technical Surveys): Mr. Speaker, I have not seen the report to which my hon. friend refers. I am sure all hon. members know that the coal industry in both eastern and western Canada is experiencing difficulty at the present time. In western Canada the industry's difficulties have been brought about largely through competition from oil and gas. I need not remind hon. members that the natural resources belong to the provinces. The province of Alberta has prospered enormously from the sale of natural gas and oil rights; only recently I saw a report of one sale amounting to over $30 million for two comparatively small areas of land. The province of Alberta is prospering from these recent developments. The coal industry is suffering from these developments. What I would like to know is, what is the Alberta government going to do about it?

Mr. Hansell: May I ask the minister a supplementary question, since his answer was somewhat long? Does the minister believe that the reason the railroads have adopted the diesel engine lies in Alberta's prosperity?

UNEMPLOYMENT INSURANCE

REQUEST FOR CHANGES TO COVER SHORT DAY WEEK

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I would like to direct a question to the Minister of Labour and I trust he will take this as notice. In view of the relatively new and increasingly large-scale current practice in many industries, including the textile and machine-tool industries, of placing employees on a short day week in order to prevent lay-offs and consequent total unemployment, would the minister take into consideration making either appropriate changes in the Unemployment Insurance Act or appropriate changes in its present administration in order that industrial employees working on a short day week may receive full benefits under the act?

Hon. Milton F. Gregg (Minister of Labour): Mr. Speaker, I shall be glad to take that as notice of my hon. friend's question.

GOLD

TRADING ON LONDON MARKET—STATEMENT AS TO GOVERNMENT ACTION

On the orders of the day:

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, on Monday the hon. member for York West (Mr. Adamson) asked me if the government intended to initiate a gold market in Canada. There are no restrictions on the buying, selling, or ownership of gold in Canada. There are no restrictions placed by the government of Canada on the use which Canadians may make of their holdings of sterling or of any other currency. Gold may be imported into Canada but no undertaking will be given that a subsequent application to export the gold will be approved.

No changes in the regulations concerning the export of gold are currently under consideration. In the judgment of the government the present regulations serve the best interests of Canada. If any changes were to be made, there would, of course, be an immediate public announcement.

Inquiries of the Ministry

COMMUNICATIONS

SALE OF BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM—PROVISION FOR EMPLOYEES

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I would like to direct a question to the Minister of Transport. Is the minister now in a position to answer my question as to what provision is being made for government employees when the telephone and telegraph services of the federal government in British Columbia are taken over by private companies on April 1?

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, unfortunately I am unable to add a great deal to what I have already said. The reason for that is that negotiations with the British Columbia Telephone Company have been proceeding satisfactorily. The negotiations with the Canadian National Telegraph Company have not yet been completed. These negotiations are proceeding at the present time. In any event, if it is felt that there is any immediate urgency the railways and shipping committee will be sitting all of next week and members of that committee can obtain information from Canadian National railway officials in connection with that part of the undertaking.

Mr. Winch: I would like to ask a supplementary question. Is the minister aware of the fact that agents of the Canadian National Telegraph Company have been visiting government employees now in the service for over a period of two weeks and informing them where they stand as far as the Canadian National telegraph service is concerned?

Mr. Chevrier: Mr. Speaker, I should think that that is exactly what should take place and that the purchaser would wish to communicate with the vendor and ascertain what relationship will exist after the sale. That is I presume the reason why the officers of the Canadian National Telegraph Company have been in communication with the employees of the government telegraph and telephone services.

Mr. Winch: They have not asked them, they have told them.

Mr. Chevrier: As to what is transpiring between these two bodies I would rather not make any statement until the negotiations between our people and the Canadian National Telegraph Company have been completed.

[Mr. Abbott.]

CENTRAL MORTGAGE AND HOUSING CORPORATION

TABLING OF SUPLEMENTARY ANSWER TO QUESTION ASKED MARCH 8

On the orders of the day:

Mr. Maurice Bourget (Parliamentary Assistant to the Minister of Public Works): Mr. Speaker, on March 8 the Minister of Public Works (Mr. Winters) was asked a question in regard to *Votes and Proceedings* No. 59, for February 26, in the name of the hon. member for Digby-Annapolis-Kings (Mr. Nowlan), and he stated at that time that it would be difficult to supply all the information sought, but that if it was agreeable to the hon. member the information would be provided which it was hoped would serve the purposes he had in mind. The hon. member agreed to have the question answered in a modified form, and I am tabling the answer now.

PIPE LINES

INQUIRY AS TO PROVISION OF SUBSIDIES—TRANS-CANADA GAS LINE

On the orders of the day:

Mr. Carl O. Nickle (Calgary South): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. Has the government made any commitments, verbal or in writing, for the provision of tax concessions, tax remissions or any other form of subsidy in order to make financially feasible a trans-Canada gas pipe line in the form apparently desired by this government? If so, what are those subsidies? If not, does the government intend to extend such subsidies?

Right Hon. C. D. Howe (Minister of Defence Production): Mr. Speaker, the answer to the first part of the question is no. The second and third parts are answered by the answer to No. 1.

SUPPLY

INCOME TAX—PROVINCE OF QUEBEC

The house resumed, from Tuesday, March 23, consideration of the motion of Mr. Abbott for committee of supply.

Mr. LaCroix: Mr. Speaker—

Mr. Speaker: Is the hon. member going to debate the subject which was under discussion prior to the adjournment last night?

Mr. LaCroix: Yes.

Mr. Speaker: Very well. I understand that the hon. member for Lethbridge (Mr. Blackmore) will introduce a new subject later, once this matter has been disposed of.

***M. Wilfrid LaCroix (Québec-Montmorency):** Monsieur l'Orateur, le 28 novembre 1952, quelques mois avant la dernière élection fédérale, j'ai déclaré à la Chambre ce qui suit:

Je crois qu'il serait de l'intérêt de tous que la délimitation des possibilités de taxation accordées à chaque gouvernement soit revisée et précisée le plus rapidement possible car les subsides temporaires en face de droits acquis laissent entièrement le gouvernement qui les reçoit à la merci du donateur et constitue une situation inacceptable pour ma province.

Plusieurs rapports soumis à la Commission Tremblay depuis cette date m'ont donné raison. Permettez-moi de citer, entre autres, celui de la Corporation des ingénieurs professionnels de la province de Québec, qui déclare:

Les octrois, d'où qu'ils viennent, impliquent une possibilité d'intervention immédiate ou ultérieure, directe ou indirecte de la part du donateur, une possibilité de marchandage. Le danger est grand que la crainte du retrait de l'octroi tienne sous silence ou élimine de saines oppositions. A vrai dire, il faudrait que tous les gouvernements, ainsi que les universités se suffisent à eux-mêmes, sauf dans les cas d'extrême urgence.

En défendant cette thèse, je reste d'ailleurs dans la meilleure des traditions libérales. En effet, n'est-ce pas sir Wilfrid Laurier qui, en 1887, déclarait à Somerset, aujourd'hui Plessisville:

C'est un principe tout à fait faux que celui d'après lequel un gouvernement perçoit les revenus et un autre gouvernement les dépense.

Un article de la loi relative à l'impôt fédéral sur le revenu permet aux contribuables du Québec de déduire 5 p. 100 de la cotisation payée au fisc provincial. A la suite de l'élection fédérale, un échange de correspondance a eu lieu entre le gouvernement de Québec et celui d'Ottawa afin de déterminer si le gouvernement fédéral se chargerait au moins, volontiers, de la collection de ce 5 p. 100 déductible de l'impôt fédéral, et cela afin d'éviter une double taxation et de conserver la possibilité de distribuer en entier aux universités, aux collèges classiques et aux commissions scolaires le revenu provenant de ce 5 p. 100, leur assurant ainsi l'assistance dont ils ont absolument besoin. Le gouvernement fédéral a refusé, et il est évident que l'on a forcé ainsi le gouvernement provincial à organiser lui-même son service de collection dont le coût, à être déduit de ce 5 p. 100, ce qui ne peut laisser grand'chose aux institutions et services ci-dessus mentionnés.

A mon avis, le gouvernement provincial a parfaitement raison d'estimer qu'une part de 5 p. 100 ne serait pas suffisante, actuellement, pour lui permettre de donner à nos universités, maisons d'enseignement supérieur, etc., l'assistance dont elles ont absolument besoin pour leur permettre de vivre et développer l'héritage sacré de notre culture française dans le cadre de l'autonomie éducationnelle et fiscale.

J'ose espérer que le Parlement canadien consentira à accorder des dégrèvements plus considérables couvrant la totalité de l'impôt payé à l'État provincial. La justice et le bon sens réclament que l'on permette aux contribuables québecois des déductions équivalentes aux subsides qu'Ottawa leur a offerts pour signer une entente à laquelle le gouvernement du Québec renonce, comme c'est son droit pour exploiter lui-même ses sources de revenu et empêcher ainsi qu'un droit, laissé à la débandade sous forme d'abandon temporaire,—renouvelé trop souvent,—devienne périmé.

On objectera peut-être que le gouvernement provincial pourra un jour ou l'autre augmenter cet impôt et réclamer de nouveau une autre déduction, mais je crois qu'avec un peu d'esprit de conciliation, il y aurait moyen que les deux gouvernements s'entendent pour fixer une limite, basée sur un pourcentage du total de l'impôt sur le revenu et sur les sociétés perçu par Ottawa dans la province de Québec, comme je l'ai suggéré à la Chambre le 21 novembre 1952, ce qui aurait pour avantage de tenir compte des variations de la situation économique canadienne.

La province de Québec est chez elle dans le domaine de l'impôt sur le revenu, et d'ailleurs elle n'en retirera qu'une somme d'environ $25,000,000, somme très inférieure à ce que le gouvernement d'Ottawa lui offrait pour signer une entente fiscale, raison de plus pour déduire totalement de l'impôt fédéral celui qui sera versé au fisc provincial. Ottawa a, du reste, déjà donné des preuves de conciliation et cela sans consulter les autres provinces, lorsqu'il a permis aux corporations puissantes du Québec de déduire de l'impôt fédéral le 7 p. 100 qu'elles étaient obligées de verser au fisc provincial. J'ai confiance que cet esprit de conciliation servira à traiter les individus sur le même pied que ces corporations dont l'influence considérable a entraîné ce résultat.

On nous objectera que le gouvernement fédéral a besoin de tous ses revenus pour la défense. Mais examinons ce que représentent dans le budget fédéral les déboursés résultant des lois de sécurité sociale.

Nous constaterons que si le gouvernement provincial avait passé ces lois sans l'apport de l'impôt sur le revenu, il n'aurait pas resté

*(The following remarks in French are repeated in English on pages 3293-5.)

grand'chose pour l'administration de la province, et tous admettront qu'aucun des gouvernements provinciaux, sans l'impôt sur le revenu, ne pouvait les adopter. Plus le gouvernement fédéral pénétrait dans le domaine de la sécurité sociale, plus il assumait des obligations financières qui le forçaient à augmenter l'impôt fédéral jusqu'au point de saturation, où il est rendu actuellement, provoquant la presque impossibilité, pour les provinces, d'utiliser l'impôt sur le revenu, et s'assurant ainsi le monopole de ce revenu.

A mon humble avis, tout cela est la conséquence des recommandations de la Commission Rowell-Sirois, créée à la suite d'un travail persistant des bureaucrates du Conseil du Trésor fédéral, afin de trouver un moyen de centraliser définitivement entre les mains du gouvernement d'Ottawa, sous prétexte de veiller à la défense nationale et à la sécurité sociale, ces deux importantes sources de revenus de l'impôt sur le revenu et de l'impôt sur les successions, auxquelles les provinces avaient droit et sans lesquelles elles ne peuvent pas se procurer les ressources nécessaires à l'administration des domaines qui leur sont assignés par la Constitution.

En résumé, si le gouvernement d'Ottawa, tout en adoptant les lois de sécurité sociale actuellement en vigueur dans notre pays,—que j'approuve entièrement d'ailleurs,—a pu offrir quand même à la province de Québec un subside de plus de 100 millions en échange de l'abandon de ses droits à l'impôt sur le revenu, comment peut-il alors refuser d'accorder aux payeurs de taxes du Québec une déduction de l'impôt fédéral représentant une somme inférieure à l'octroi ou au subside offert en échange de l'abandon de ses droits.

La population de la province de Québec jouit d'une culture française et confessionnelle dont elle est fière. Les écoles, les universités en sont les véhicules indispensables; mais pour les maintenir et les développer il est nécessaire d'avoir les revenus essentiels permettant de donner aux professeurs des traitements non pas dérisoires comme ceux qui leur sont payés actuellement, mais une rémunération qui les attache de plus en plus à l'apostolat magnifique qu'ils accomplissent chez nous depuis longtemps, avec tant de dévouement et de désintéressement.

L'école est l'usine où se moulent les générations montantes des jeunes Canadiens d'origine française, des citoyens dont la collectivité pourra, à juste titre, s'enorgueillir, permettant ainsi à deux cultures différentes de se développer parallèlement et d'enrichir notre patrimoine national d'une richesse intellectuelle qui n'a son équivalent qu'en Suisse.

[Mr. LaCroix.]

Les municipalités, qui relèvent du pouvoir provincial sont dans une situation précaire, et cela tout le monde le sait. Les commissions scolaires ont accumulé tant de dettes que l'État provincial a dû les assumer presque toutes; après cette intervention des autorités provinciales, elles tombaient à une vingtaine de millions de dollars. Mais, trois ans plus tard, elles atteignaient 59 millions et ont encore augmenté depuis, indication très claire que les ressources sont insuffisantes.

Au cours de l'exercice 1952-1953, la province de Québec a reçu comme contribution totale, de la part du gouvernement fédéral, la somme de $4,211,000, soit 1·49 p. 100 de son budget qui, pour cet exercice, était de l'ordre de $281,735,000. Ontario a touché la somme de $127,442,000, alors que son budget, pour la même période de 1952-1953, s'élevait à $339,566,000. Voici le tableau d'ensemble, pour 1952-1953, des revenus de chaque province et de la contribution qu'elles ont reçue du gouvernement central. Je cite:

Provinces	Revenu total	Contribution fédérale
Nouvelle-Écosse	$ 45,228,000	$ 20,360,000
Nouveau-Brunswick	46,401,000	16,333,000
Île du Prince-Édouard	7,133,000	3,939,000
Ontario	339,566,000	127,442,000
Manitoba	53,737,000	28,173,000
Saskatchewan	88,960,000	28,193,000
Alberta	142,467,000	35,440,000
Colombie-Britannique	184,737,000	48,579,000
Terre-Neuve	30,925,000	20,107,000
Québec	281,735,000	4,211,000

Ces chiffres vous démontrent combien modeste, juste et raisonnable est notre requête d'un dégrèvement de l'impôt fédéral couvrant la totalité de l'impôt payé à l'État provincial, ce qui équivaudrait à environ 25 millions.

Pour l'année fiscale terminée le 31 mars 1953, le gouvernement fédéral a perçu dans la province de Québec $286,595,000 en impôt sur le revenu des particuliers, $387,019,000 en impôt sur les corporations et $6,771,000 en impôt sur les successions, soit au total $680,385,000 en impôts directs. Cela représente un montant de $167.73 par tête. Or, la loi de l'impôt provincial ne représente que $5.50 par tête. Peut-on dire qu'on n'est pas raisonnable de demander $5.50 sur $167.73?

En 1930, le gouvernement fédéral et les municipalités, qui relèvent des provinces, percevaient à peu près le même montant de taxes, soit 316 millions et 307 millions respectivement; quant aux gouvernements provinciaux, leurs revenus s'élevaient à 158 millions. En 1951, les revenus fédéraux atteignaient la somme astronomique de 3,791 millions, tandis que les revenus provinciaux s'établissaient à 918 millions, et ceux des

municipalités à 636 millions. En pourcentage, ces chiffres donnaient le tableau suivant:

REVENUS DE TOUS LES GOUVERNEMENTS

	1930	1939	1951
Fédéral	40·5	48·0	70·9
Provinciaux	20·2	22·3	17·2
Municipaux	39·3	29·7	11·9
	100·0%	100·0%	100·0%

L'examen de ce tableau nous indique qu'en 1930 le gouvernement fédéral prélevait 40·5 p. 100 de tous les impôts; en 1951, il en touchait 70·9 p. 100. Les gouvernements provinciaux n'ont pas bénéficié d'une avance équivalente durant la même période; leurs revenus sont passés de 20·2 p. 100 à 17·2 p. 100. Les municipalités ont subi un désastreux recul; elles percevaient 39·3 p. 100 de tous les impôts en 1930, et elles n'en touchent plus que 11·9 p. 100.

La province de Québec subit actuellement une perte matérielle sensible en menant seule cette lutte pour le maintien des privilèges et des libertés qui lui ont été reconnus par des traités engageant l'honneur britannique.

Ces privilèges et ces libertés ont été garantis par le pacte confédératif, garantie sans laquelle ses chefs religieux et politiques n'y auraient pas souscrit. En plus de ce que peut lui rapoprter son patrimoine, la province de Québec entend rester maîtresse de ses lois civiles, de ses libertés éducationnelles et religieuses, de ses traditions sociales. Et elle compte sur le sentiment d'équité de ses amis des autres provinces pour reconnaître que sa cause est juste et raisonnable.

On November 28, 1952, Mr. Speaker, a few months before the last general election I made the following statement in the house, as found at page 194 of *Hansard:*

I believe it would be in everybody's interest to revise and specify as soon as possible the limits of taxation possibilities granted each government; for temporary subsidies, because of vested interests, leave the receiving government at the donor's mercy and produce an entirely unacceptable situation as far as my province is concerned.

Since then many reports submitted to the Tremblay commission have supported my opinion. May I quote, among others, an excerpt from the report by the professional engineers corporation of Quebec. They say:

Subsidies from whatever source always imply the possibility of an intervention sooner or later, directly or indirectly, on the part of the grantor—the possibility of bargaining. There is much danger that healthy opposition may be stifled or suppressed by the fear that the grant may be withdrawn. Indeed, all governments, as well as universities, should be self-sufficient, except in cases of extreme emergency.

In supporting this theory I follow one of the best traditions of the Liberal party. Indeed, Laurier stated in 1887 at Somerset, now called Plessisville:

The principle whereby the revenues levied by a government are spent by another is absolutely unsound.

A provision in the federal Income Tax Act permits taxpayers of the province of Quebec to deduct 5 per cent of the amount paid to the provincial treasury. Following the federal election, an exchange of correspondence took place between the Quebec government and the federal government, to ascertain whether the federal government would at least agree to collect this 5 per cent tax deductible from the federal tax—and this in order to avoid double taxation and to ensure the distribution of the whole proceeds from this 5 per cent tax to universities, classical colleges and school boards, thus providing these institutions with the help which is absolutely needed. The federal government rejected this request, and by so doing obviously forced the provincial government to set up its own tax-collecting agency, the cost of which, if deducted from this 5 per cent tax, would not have left much for distribution to the above-mentioned institutions and services.

I think that the provincial government is perfectly right in assuming that a 5 per cent tax would be insufficient at present to provide our universities, our high schools and so on with the help they urgently need to carry on and develop the sacred heritage of our French culture, within the framework of educational and fiscal autonomy.

I hope that the parliament of Canada will agree to grant a more substantial tax deduction in order to cover the full amount of the tax paid to the province. Justice and common sense make it imperative that Quebec taxpayers should be granted deductions equivalent to the subsidies offered them by Ottawa to sign a tax rental agreement. The Quebec government was within its rights in rejecting this offer, as it preferred to tap its own sources of revenues and, in so doing, prevent the lapsing of a right which is too easily lost when it is repeatedly relinquished, even if only temporarily.

It may be objected that the provincial government may later on increase this tax and ask for a further deduction, but I think that if both governments showed some conciliatory spirit they could set a limit based on a percentage of the whole income and corporation taxes collected by Ottawa in the province of Quebec. This suggestion which I

made in the house on November 21, 1952, would allow for variations in the economic situation of the country.

The province of Quebec is mistress in its own house in matters of income tax; besides, it will derive from this source only about $25 million, which is considerably less than the amount offered by the federal government in return for a tax rental agreement. This is a further reason to deduct from the federal tax the whole amount of the tax which will be paid to the provincial treasury. Moreover, Ottawa has already shown some conciliatory spirit, without consulting the other provinces, by allowing large Quebec corporations to deduct from the federal tax the 7 per cent tax they are required to pay to the provincial treasury. I am confident that the authorities will agree to deal with individuals on the same basis as with those corporations, whose widespread influence brought about such a result.

It may be objected that the federal government requires all its revenues for defence purposes. But let us examine the portion of the federal budget which disbursements for social security represent. It is seen that if the provincial government made such provisions without collecting the proceeds from the income tax, it would have had but little left for the administration of the province. Everybody will agree that none of the provincial governments, without imposing an income tax, could have passed such laws.

The farther the federal government entered into the social security field, the more it assumed financial obligations which compelled it to increase the federal tax, up to the saturation point which it has now reached. It has thus made it almost impossible for the provinces to levy an income tax, and has monopolized that source of revenue.

All that stems from the recommendations of the Rowell-Sirois commission which was set up as the result of persistent efforts on the part of the bureaucrats of the federal treasury board, in order to find means of centralizing definitely in Ottawa, ostensibly to provide for national defence and social security, those two important sources of revenue—income tax and succession duties, to which the provinces were entitled and without which they had not the wherewithal to administer those fields assigned to them by the constitution.

In brief, if the government at Ottawa, when passing the social security legislation which is now in force, in this country, and which I approve entirely, was able to offer at the same time a subsidy to the province of Quebec of over a hundred million dollars in return for the abandonment of its rights to income tax, how then can it refuse to grant Quebec taxpayers a deduction from the federal tax of an amount smaller than the subsidy offered in exchange for the relinquishment of its rights?

The province of Quebec is endowed with a French and religious culture of which it is proud, and which is necessarily embodied in its schools and universities. In order to maintain and develop those institutions, it is essential to have sufficient revenues to pay our teachers salaries that will not be so ridiculously low as they are at present, but adequate to uphold their interest in the magnificent work which they have been carrying on for such a long time with deep devotion and self-denial.

The school is the mould in which the growing generation is being fashioned and which will produce young Canadians of French origin who will become citizens of whom the community will justly be proud. Thus two different cultures, developing side by side, will add to our national heritage intellectual treasures the equal of which can be found only in Switzerland.

Municipalities in my province which come under provincial jurisdiction are now in a precarious situation. School boards are so heavily in debt that the province was forced to assume most of that indebtedness. After the province stepped in, those debts were reduced to approximately $20 million. Three years later, however, they had reached $59 million and have increased since. That clearly indicates the inadequacy of financial resources.

During the 1952-53 fiscal year, the province of Quebec received from the federal government a total contribution of $4,211,000 or 1·49 per cent of its budget, which amounted to $281,735,000 for that year. Ontario received $127,442,000, although its budget in 1952-53 amounted to $339,566,000. I shall now place on record a table giving the revenues of each province, during the 1952-53 fiscal year, with the amount each province received from the federal government:

Provinces	Total Revenues	Federal Subsidy
Nova Scotia	45,228,000	20,360,000
New Brunswick	46,401,000	16,333,000
Prince Edward Island	7,133,000	3,939,000
Ontario	339,566,000	127,442,000
Manitoba	53,737,000	28,173,000
Saskatchewan	88,960,000	28,193,000
Alberta	142,467,000	35,440,000
British Columbia	184,737,000	48,579,000
Newfoundland	30,925,000	20,107,000
Quebec	281,735,000	4,211,000

Those figures show that our request for a deduction from the federal income tax of the whole amount of the income tax which is

paid to the province—approximately $25 million—is reasonable, modest and fair.

During the fiscal year ended March 31, 1953, the federal government levied, in the province of Quebec, $286,595,000 in personal income tax, $387,019,000 in corporation income tax, and $6,771,000 in succession duties, a total of $680,385,000 in direct taxes. This represents $167.73 per capita. Under the provincial income tax law, the tax per capita is only $5.50. Can anyone say that it is unreasonable to ask for $5.50 out of $167.73?

In 1930, the amount of taxes collected by the federal government and the municipalities under provincial control was approximately equal: $316 million and $307 million respectively, while the revenues of provincial governments amounted to $158 million. In 1951, the revenues of the federal government reached the astronomical figure of $3,791 million, while those of the provinces were only $918 million and those of the municipalities $636 million. Expressed in percentage, the figures were as follows:

	Revenues of all governments		
	1930	1939	1951
Federal government	40·5	48·0	70·9
Provincial governments ..	20·2	22·3	17·2
Municipalities	39·3	29·7	11·9
	100·0%	100·0%	100·0%

This table shows that the federal government collected 40·5 per cent of all taxes in 1930, and 70·9 per cent in 1951. The levies of the provincial governments increased only slightly during the same period. The situation of the municipalities has seriously deteriorated. While they collected 39·3 per cent of all taxes in 1930, they collect only 11·9 per cent at the present time.

The province of Quebec is now sustaining a heavy material loss in its lonely struggle for the maintenance of its privileges and freedoms, which have been recognized by treaties based on British fair play.

Those privileges and freedoms have been secured through the confederation pact, and nobody denies it; without this guarantee the religious and political leaders of the province of Quebec would not have accepted that pact. The province of Quebec intends to keep control over its heritage, its civil law, its educational and religious freedoms, and its social traditions. It has confidence that the sense of fair play of its friends from the other provinces will convince them that its claims are just and reasonable.

(Translation):

Mr. Balcer: Would the hon. member allow me to ask him a question?

Mr. LaCroix: Certainly.

Mr. Balcer: Does the hon. member's speech reflect the general feeling of the federal Liberal members from the province of Quebec?

Mr. LaCroix: I was stating my own views.

Mr. Boisvert: I would like to direct a question to the hon. member for Quebec-Montmorency (Mr. LaCroix). Will the hon. member allow me to do so?

Mr. LaCroix: Yes, certainly.

Mr. Boisvert: The hon. member seems to be well informed but has he any proof that the government of the province of Quebec was compelled to resort to a tax on personal and corporate incomes within the province in order to obtain an additional sum of $25 million?

Mr. Poulin: The people of Quebec will answer that question.

Mr. Boisvert: I am not directing it to the hon. member, but to the member for Quebec-Montmorency. Has he any proof that the government of the province of Quebec had to impose a tax on the taxpayers and the corporations of the province of Quebec to obtain additional revenue of $25 million?

Mr. LaCroix: In the circumstances, yes.

Mr. Balcer: Definitely, yes.

(Text):

REQUEST FOR INCREASE IN OLD AGE PENSIONS

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker,—

Mr. Deputy Speaker: Before the hon. member for Lethbridge speaks, I understand that he is introducing a new subject. Do I understand that the previous subject is exhausted?

Mr. Dufresne: Perhaps the hon. member for Nicolet-Yamaska (Mr. Boisvert) would like to speak on the subject.

Mr. Blackmore: Mr. Speaker, I rise to voice a grievance. The senior citizens of the federal riding of Lethbridge are suffering serious deprivation occasioned by the woefully inadequate financial assistance now being provided them by reason of the action or lack of action of this federal government and parliament.

May I remind the house and the country that prices of practically all commodities and services in Canada have risen enormously, in some cases doubling, since this parliament last substantially increased its allowance to the elderly folks in Canada.

May I also remind the house and the country that never yet has the meagre pension

granted the senior citizens of Canada rendered possible even the bare necessities of healthful existence to any old age pensioner obliged to live upon only that pension. In other words, we have never provided the bare necessities of healthful living for our elderly citizens in this country.

May I further remind Canadians of the tremendous amount of goods and services this nation is equipped right now to produce? In this connection may I cite once more the fact that in 1952 our production exceeded $23 billion in value, equivalent to well over $1,530 for every man, woman and child in this country. On the face of it, it looks utterly preposterous that we should not be able to give our senior citizens enough of those goods and services to provide a comfortable and satisfying standard of living.

May I finally remind Canadians that in any community of richly varied resources and richly varied products such as Canada has, what is physically possible could be made financially possible provided that a realistic financial system be employed, a financial system including an instrument appropriately resembling the Finance Act of 1923?

I have gone into this with some care in times past, and I hope to go into it more elaborately as days go by, for somehow or other it must be brought to the attention of the ordinary person of Canada that what is physically possible ought to be financially possible and if—

An hon. Member: C.C.F. policy.

Mr. Blackmore: —we are not rendering what is physically possible financially possible then something is radically wrong. In all probability, that something is the financial system.

Mr. Ellis: Economic system.

Mr. Blackmore: Financial system, because the financial system is the system which has to do with distributing goods.

May I point out that it is becoming almost monthly more and more difficult for any one of most individuals to provide for his own needs. We often hear people say, "When my old dad came to this country he went out into the wilderness and he hewed out a home, etc., etc." They quite forget that the conditions which obtained when "my old dad" came out to this country no longer prevail.

An hon. Member: Go west, young man, go west.

Mr. Blackmore: Now, if you go west you go into the sea. As a matter of fact, while we are on this matter, it is no longer possible for the ordinary person to go out into the wilds, take up land, and have a chance of making good. This means that conditions have completely changed.

Now, there are other reasons why it is next to impossible for people to provide for their own old age. Taxation is severe. "My old dad" did not have to exist under any such taxation structure as that levied by the Minister of Finance (Mr. Abbott) today. Living costs are high. Regulated standards of living are almost unavoidable. Jobs for those over 45 are becoming less and less available. I know of people who have walked the streets for days and days, and who have been refused even consideration after it was learned that they were 45 years of age. What conceivable chance have men and women under such conditions to provide for their own declining years?

Self employment is growing harder to provide. Such industries as laundering, sewing, knitting, the provision of milk, cream, butter, cheese, eggs, etc., all of which were occupations through which the elderly used to be able to eke out an existence, are now mainly non-available to our senior citizens. Practically every member in this house can recall the time when, if elderly people fell upon difficult days, they were able to take in washing or keep a cow and sell the milk, butter and cheese, or sell a few eggs, and get a few cents in that manner. In the average community today, no one of these industries is available to the elderly people. This is because machines have taken the place of these industries, and in many cases the keeping of a hog or a cow is forbidden by community laws.

All these matters and many others must be taken into consideration in any realistic approach to the problem of the elderly citizens of this country.

The problems of elderly people become yearly more pressing for several reasons. In the first place people are living longer—and we want them to live longer. We want them to attain the age of 125 or 150. The Bible commands:

> Honour thy father and thy mother: that thy days may be long upon the land which the Lord thy God giveth thee.

Canadians are keenly sensitive to that command. How can we be honouring our fathers and mothers when we are almost starving them to death or when we are forcing them to live for years with only one suit or in a hand-me-down overcoat? This matter requires attention, and requires effective redress. In the second place, families appear to be growing smaller. Just why our particular race should be cursed with the idea that they ought to eliminate themselves

from the earth now by having one child and four or five poodle dogs per family, I do not know. Nevertheless, that is what is happening. Since the elderly people are living longer and the number of elderly people to be taken care of by those who are actively producing and paying taxes appears to be getting progressively larger in proportion, something must be done. We have to face up to this matter.

There is no reason why we cannot take care of our elderly people, considering the accumulating machines and skills which enable us to produce enough. Our problem is how to distribute our production to the elderly.

In previous parliaments I have asked that we consider, and if possible grant, $60 per month to our elderly citizens at the age of 60. We could make that possible. It will be objected that an increase in taxation would be necessary in order to pay such a pension. I maintain that an increase in taxation would not be needed if we employed a realistic financial system, one that was genuinely able to make what is physically possible financially possible. We can take the money out of production by simply monetizing our surplus production.

Let us bear in mind that a dollar bill, looked at in the most realistic sense, is merely a ticket to goods. This would naturally suggest to any practical mind that where there are surplus goods dollar bills can be created as tickets to represent those goods. If we start with that concrete way of looking at the matter, I believe we can think ourselves through. We can monetize our goods and our services either by using the Bank of Canada or by re-enacting and using a finance act as they had it in 1923 or in 1914.

It will be recalled that through the use of the finance act of 1914, $16 million—

Mr. Martin: I rise to a point of order. I do not like to interfere with the hon. member's argument, but I do feel that, under the circumstances, I should point out to you, sir, that while it is understandable that the hon. member perhaps should discuss the immediate proposal he has in mind, it is doubtful if on this particular motion it is proper for him to discuss monetary policies or Social Credit theory, commendable or not commendable as that theory may be. There is a place for that kind of discussion. An opportunity will soon be afforded when the budget is presented, but I would submit that on this resolution a discussion of the theory of Social Credit is not in order.

Mr. Deputy Speaker: The minister has raised a point of order which is of considerable interest. I notice also that in the estimates, vote 282 under the Department of National Health and Welfare, there is a provision for the administration of old age assistance and blind persons allowances. Under citation 345, of which I shall only read a part, we find the following:

> The ancient doctrine that the redress of grievances should be considered before the grant of supplies is maintained in the House of Commons of Canada . . .

Then later it goes on to say:

> Matters of detail which should be discussed in committee cannot be debated on these occasions, nor can debate be permitted relating to grants already agreed to, or to resolutions which will be proposed in the committee, or to items in the estimates.

Such questions are always difficult, and I hesitate to make a definite ruling, but I do feel the point of order raised by the minister is well taken, and I would ask the hon. member to confine himself to a discussion of grievances which can properly be discussed under this motion.

Mr. Knowles: Mr. Speaker, on the point of order may I ask that at some stage further study be given the point which arises out of the sentence Your Honour read from citation 345. There is a reference in that citation to discussing items in the estimates. I submit it is one thing to discuss an item in the estimates, and to say that that item should or should no be passed. It is another thing to discuss a matter which, it might be said, could be raised on the estimates. That matter is dealt with not only in citation 345 of Beauchesne's third edition, but it is also dealt with in citation 467 of the same edition. At the end of citation 467 there appears the notation "M.525." That means that the gist of citation 467 is to be found at page 525 of May's thirteenth edition, and if one goes a little further in his research he will find that on page 525 of May's thirteenth edition the point is dealt with by a reference to some footnotes. These footnotes take one back to volumes 165, 173, 189, and 209 of the British *Hansard*. I have taken the trouble on former occasions to look up these various volumes of the British *Hansard* and it is quite clear that the significance of that citation is that an hon. member is not permitted on the motion to go into supply to discuss the estimates themselves. There are instances in these volumes of the British *Hansard* which are referred to in that footnote, in which members were proposing to argue for or against an item in the estimates. The speaker stopped the member from doing so but permitted him to discuss in general the question which he had raised, so long as he stayed clear of speaking for or against an item in the estimates as such. Your Honour has not stopped the hon. member for

Lethbridge (Mr. Blackmore) so I shall not pursue my argument further, but I do submit that since the point has been raised the references I have given should be studied before the point comes up again on another occasion.

Mr. Martin: Mr. Speaker, may I just briefly say that I certainly did not suggest that the hon. member had no right to discuss old age pensions and assistance at this time. What I was complaining about was that this was not a motion to discuss monetary policy which may have some, but only some, bearing on this matter. The hon. member can discuss the need to improve old age pensions and that sort of thing but I was suggesting that this was not the time to engage in a discussion of monetary theory.

Mr. Deputy Speaker: I am afraid we are interfering with the hon. member for Lethbridge at too great length. I was very glad to hear the remarks of the hon. member for Winnipeg North Centre (Mr. Knowles). This point is one of considerable difficulty and interest and I will be glad to take his remarks into consideration.

Mr. Blackmore: Mr. Speaker, if anyone were to rise and advocate a pension of $60 per month at the age of 60 in a country of which 90 per cent was desert anyone would be justified in asking how in the world we could produce goods to support that pension. One of the most important things would be that one would have to satisfy oneself that we have sufficient goods and a sufficient level of production to enable us to provide such a standard of living.

But having established that there will be plenty of goods, one has to satisfy oneself next as to whether there is a method of making these goods available to the old age pensioners. If that cannot be done then certainly the strength of my appeal on behalf of old age pensioners will be greatly vitiated. Consequently, I fail to see how a person could make a real case for increasing old age pensions in Canada without referring to the method by which that production, once it is brought into existence, can be placed in the hands of elderly people without taking so much in taxation from the population as to render the burden unbearable.

I spent some time on that subject and it was not my intention to discuss Social Credit. I merely wished to show that to any person facing existing facts realistically it is an absolute outrage for us to deprive our elderly citizens of the good things of life.

I am rather surprised that the Minister of National Health and Welfare (Mr. Martin) should rise on a point of order when a method was being suggested by which, if he acted on the suggestion, he could strengthen his hand tremendously in doing the thing he surely wants to do. Certainly the Minister of National Health and Welfare wishes to increase the old age pension to $60 a month if means can be found whereby that can be done. But for him to raise a point of order when the problem is being solved for him surprises me considerably.

I thank you, Mr. Speaker, and also the hon. member for Winnipeg North Centre for what both of you have said, but if hon. members of this house do not want to learn these things then I suppose we shall have to stop discussing them lest we offend them.

I was about to point out that there will be those who will claim that in connection with the use of the device I referred to, and I referred to the Finance Act of 1914, nothing effective can be done. But I would point out that, under the Finance Act of 1914, $16 million were created and brought into circulation by the Minister of Finance and that sum was backed only by railway securities. What has been done in the past can surely be done again, and if it cannot be done again then certainly an explanation ought to be forthcoming as to why it cannot be done again.

That was all I was dealing with. I had intended to say something about the remarks of the hon. member for Okanagan Boundary (Mr. Jones) when he maintained the other day that such a procedure would cause inflation. I had intended to show that he was in error when he supposed that the operation of this act would cause inflation. I was also going to refer to the remarks of the hon. member for Saskatoon (Mr. Knight). He displayed some anxiety and felt that if we used the finance acts of 1914 and 1923 we would be placing in the hands of the Minister of Finance (Mr. Abbott) a very powerful weapon which he might use to the detriment of the nation. I was going to point out that when the minister of finance created money under the finance acts of 1914 and 1923 every dollar he created had to be created with the specific permission of parliament, and every dollar he spent had to be spent with the particular permission of parliament. In the same fashion, we must now have the permission of parliament in order to raise money as is prescribed in each budget, and the estimates under which that money is spent receive the scrupulous scrutiny of members of parliament. It is therefore obvious that parliament now controls the behaviour of the Minister of Finance. In a similar manner parliament would control the actions of the minister administering a finance act like that of 1914 or of 1923.

Once that difficulty has been cleared up there can be no serious objections to the proposal I was making. I do not hesitate, Mr. Speaker, to advocate once again that we should set up as our immediate goal the payment of a $60 a month pension to our senior citizens after they reach the age of 60. I stipulate that that would not cause an increase in taxation if we used a realistic financial system.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is not my purpose to comment on the financial proposals put forward by the hon. member who has just taken his seat, but I should like to say a few words in support of his contention—which some of us have made frequently on the floor of this house—that the time has come for an increase in the amount paid to our old age pensioners.

It seems to me that the case is so clear for an increase in that pension that it should not be necessary to argue for it at all. The amount of the pension across Canada at the present time is $40 a month, a figure that was reached in 1949 just prior to the election before the last one. Since that time the cost of living has gone up. It should also be pointed out that the Canadian standard of living has improved. As technological progress makes possible an improved standard of living I submit that our senior citizens should share in that improvement.

Not only has there been an increase in the cost of living and an improvement in the standard of living in this country but there has been a tremendous increase in our gross national production. In the year 1949, when the old age pension was fixed at $40 a month, our gross national production was of the order of $16 billion a year. At the present time that figure is of the order of $24 billion a year, or perhaps it is even closer to $25 billion a year. If we have been able to increase our gross national production in this country by 50 per cent since the time the old age pension was set at $40 a month, I submit that that pension should be increased at least by that same amount, namely 50 per cent. If a pension of $40 a month is increased by 50 per cent, that brings it at least to the figure of $60 a month.

Moreover, in the years that have gone by since the pension figure was set, there have been other increases. There have been wage and salary increases in many cases. There have been many increases, voted by parliament, in the salaries of various people, not forgetting the increase that was voted this year in the indemnities paid to senators and to members of parliament and in the salaries of cabinet ministers. In the light of all of these changes that have been made and in the light of the improvements that are enjoyed by other people, I suggest that it is a disgrace to parliament and a crying shame that the government has done nothing to improve the position of our senior citizens. I feel that this session should not be allowed to go by without the government's introducing the necessary measure to increase the amount of that pension.

Like the hon. member for Lethbridge (Mr. Blackmore), I feel that the eligible age should be lowered with respect to the pension without a means test. There are those who suggest that the pension should start at age 60 and there are others who suggest that it should start at age 65. Perhaps that is a point over which we should not get into an academic argument at this time. However, I certainly believe that the very least that should be done at the present time is to remove from the pension at age 65 the means test which we now have and pay the full amount of at least $60 a month at that age. It is utterly ridiculous that so many people find themselves in the position of being retired from industry at the age of 65, having just enough by way of their own resources that they cannot qualify for old age assistance but being told that if they can somehow manage to live through the five years from age 65 to 70, they will then get the full old age security pension without a means test. It does not make sense; it does not add up; it is not to the credit of the parliament of Canada. I suggest that that change is long overdue.

There are other changes of a similar character that should be made. I hope that we shall not have to wait many more days before the government will bring in whatever other legislation it has respecting our veterans, and that that other legislation will include an increase in the amount of the war veterans allowance. In my view our senior citizens in these various groups deserve more than the brush-off they have had from the government in these recent years.

The plan that was put through as a result of the sittings of the committee on old age security back in 1950 was, in principle, an excellent one. At that time it was also good in respect of its terms. But just because something was good at one point in time does not mean that it is good enough in those precise terms for all time to come. What annoys me is that the government seems to be satisfied to sit back and let the matter stand as it was settled as a result of the meetings of that committee in 1950. Time has moved on and our senior citizens deserve

a better deal than we are now giving them. As I have done on previous occasions, I urge strongly once again that the amount of the old age pension should be increased to not less than $60 a month. At the same time that that pension is being increased, the amount paid to our blind pensioners should be increased and, in my view, the means test should be completely removed from the blind pension.

These, Mr. Speaker, are but some of the items of unfinished business that were left over when parliament was dissolved last year. If I recall correctly, the very last recorded vote in the House of Commons before the dissolution of the twenty-first parliament was on an amendment of mine asking for an increase in these pensions commensurate with the increase in the cost of living. That amendment, of course, was defeated by the majority on the government side; but that item is still a matter of unfinished business and I submit that it has high priority so far as the people of Canada are concerned. I support strongly the proposal that at this session of parliament something should be done to increase the old age pension and the blind pension. I also hope that, before very long, the government will bring in legislation increasing the amount of the war veterans allowance and doing something about the means test in respect of the burnt-out pension. These things are long overdue.

Mr. E. G. Hansell (Macleod): Mr. Speaker,—

Mr. Deputy Speaker: I understand that the hon. member for Kamloops (Mr. Fulton) intends to introduce a new subject. Do I understand that the hon. member for Macleod desires to speak on the same subject?

Mr. Hansell: Yes. I will take only a moment or two. I had not intended to say anything and would not have done so except that another note has been injected into the discussion. I am thankful that the hon. member for Lethbridge (Mr. Blackmore) has introduced this subject. I wish only to amplify his remarks with one or two other suggestions. The Minister of National Health and Welfare (Mr. Martin) is in the house at the present time. He interrupted the hon. member for Lethbridge (Mr. Blackmore) when he was attempting to give the minister a remedy for his apparent dilemma. I am quite sure we all agree that the minister is just as anxious to increase old age security pensions as anyone else. We have always regarded the minister as a humanitarian. Otherwise I do not suppose he would be occupying the position he does. Yet it does seem quite strange to me that when the hon. member for Lethbridge began to put forward a suggestion as to how this thing could be done the minister rose on a point of order which, Mr. Speaker, you are now considering. I am not dealing with the point of order. The only point I am raising is that surely the minister wants to find a remedy.

Is the minister looking around for a remedy? Can the minister find this remedy within the confines of the government's present taxation policy? If he cannot, then he is up against it for a solution. There is no other argument to that. The minister can rise in his seat session after session and explain the marvellous work that his department has done and I will give him credit for all that has been done. But, after all, in the final analysis the remedy resolves itself into the financial policy that the government wishes to pursue because it is the government's present financial policy that is tying the hands of the minister so far as increasing old age security pensions is concerned.

I have heard ministers and political speakers boast before of what their government has been able to do, but I have never been able to bring myself to believe that it takes such a huge amount of brains to be able to figure out how much you need to do a certain job and then turn around and ask the law clerks to devise a piece of legislation that is going to increase taxation. It does not take any brains to do that. A schoolboy can take out his pencil, figure out how much is needed for a certain thing and then go to his old man and ask him to cough up. That is all the brains it takes to do such a thing under present monetary policy.

Mr. Zaplitny: What if the coffers are empty?

Mr. Hansell: If the coffers are empty you have another problem, and that, my hon. friend, is where we as Social Crediters come in.

Mr. Goode: Then you put on the 5 per cent sales tax.

Mr. Hansell: Our remedy is to change the basic financial policy so that it can be done.

Mr. Prudham: In other words, start the printing presses.

Mr. Low: The minister ought to go and learn something.

Mr. Hansell: I fancy the reason the Minister of National Health and Welfare rose was that he did not want this matter to be discussed now. He rose and said that there

was a proper time to discuss it. O.K.; suppose we agree with him. When it is discussed at that time I do not suppose the minister will be the least bit interested in listening to the discussion.

Mr. Martin: I would always be interested in listening to the hon. gentleman.

Mr. Hansell: I surely appreciate that, Mr. Speaker. Is he interested in—

Mr. Blackmore: In learning.

Mr. Hansell: —finding a remedy? Can he find it under the present policy, and is he interested enough to urge the government to change the policy so that a remedy can be found?

Mr. F. S. Zaplitny (Dauphin): Mr. Speaker, I will only detain the house for a few minutes. I want to support the plea made by the hon. member for Winnipeg North Centre (Mr. Knowles). It is not the first time, and I am sure it will not be the last, that he has made a plea for the senior citizens of this country. I agree with everything he said and therefore I see no necessity of repeating his arguments. The particular question I should like to bring to the attention of the Minister of National Health and Welfare (Mr. Martin) has to do with the administration of the Old Age Security Act rather than with the over-all question of what the amount of the pension should be. From time to time we run across the problem of proof of age, with which I am sure the minister is familiar. I realize that some adjustments have been made in the regulations but we still face the problem, particularly in the case of persons who have come from other countries where quite often the only proof of age they can submit is their immigration record. The information on that record is of course taken from their passports when they enter Canada.

I realize that in these days passports are fairly complete documents containing considerable detail with respect to the person's age and so forth. But in the early days of immigration into this country, in the last part of the nineteenth and the early part of the twentieth centuries, people who came here from European countries had passports that were not particularly complete. I have examined hundreds of them myself and I have yet to see one in which the actual date of birth of the person concerned is stated. In those days only the year of birth was shown. The result is that in such cases, even though the applicant may be able to prove that he or she, as the case may be, was born in a certain year, that of course does not prove that the applicant reached the age of 70 at such and such a date. That part of the submission must be supported by other means.

As I have stated quite often, these passports are the only existing available documents containing any proof of age. As one who has had a great deal of experience in dealing with these matters in my own part of the country, I would certainly recommend that the department lean over backwards in accepting the stated date of birth provided there is some supporting evidence to substantiate it. If the inflexible attitude is taken by the department that the applicant must prove his exact date of birth and only in the case of inability to do so will it accept the year of birth it means that the pension may not be paid until the end of the particular year in order to make sure that the person has reached the age of seventy. In many cases an injustice is done.

I realize there is some risk in accepting a person's word as to the exact date of birth, particularly if it is unsupported by any evidence, but if it costs the treasury a few thousand dollars a year because of cases where there may be errors, that is a small sum to pay to avoid injustices such as have occurred in the past. I have plenty of evidence of such injustices. I hope the minister will take this matter into consideration. I realize it is one having to do with regulations under the act and does not require legislation by the house, but it is one way in which injustices can be avoided. I merely want to add that I support the contention of my colleagues with respect to the removal of the means test, particularly in the case of blind pensioners.

People who are in that category are perhaps the most unfortunate type of citizens, and I think we should use the greatest possible leniency in respect of persons who are receiving blind pensions. Often it is possible for them to supplement their incomes to some extent by some form of employment. We are told, by those who know better than we do, that nothing could be better for the mental health and well-being of persons of that type than to have some kind of employment to keep them occupied and happy, and to give them a feeling of usefulness in society. It seems to me unfair and unnecessary to penalize such persons because they are able to earn a few dollars in addition to the pensions they receive. I certainly hope that if there is going to be some priority exercised in the removal of the means test from pensioners it should be exercised first of all in respect of the blind pensioners.

I support to some degree the arguments offered by my friends to the left. Occasionally I make interjections when they speak, but I hope they will not feel I do so in any spirit of levity. It is merely because at times they do say humorous things. I agree with hon. members in the Social Credit group on the general principle that what is physically possible should be made financially possible. Perhaps we do not agree one hundred per cent on the method by which this could be done, but certainly I think it is time the house considered the fact that the productive capacity of our country has increased tremendously, and is still increasing. As was pointed out not long ago, our gross national product in 1953 reached a value of more than $24 billion. If it is possible to produce goods and services to the extent of $2 billion a month, then certainly there must be something radically wrong with our financial system if it does not distribute the wealth it has created.

I certainly hope the house will give its unprejudiced attention to the ways and means by which the distribution of wealth in this country can be accomplished. We have our views on that subject. My colleagues and I on various occasions have suggested how we think it can be done. I simply reiterate that we still believe the best and most effective way in which to redistribute the wealth of the country and to place purchasing power in the hands of the people who need it, and who can and will use it, is by the social security measures we have championed through the years.

There may be other ways. We are open to suggestions and would like to hear the government's views of how they intend to do it. But there is one thing upon which I think we will all agree, regardless of party, and that is that if we can produce goods and services to a value of $24 billion, even allowing a third for capital replacement and extension, we must find some means of distributing the other $18 billion to the people so that we may raise the general standard of living of all our citizens.

Hon. Paul Martin (Minister of National Health and Welfare): Mr. Speaker, I should like to take only a very few minutes to place on record one or two statistics that I do not think have been borne in mind by those who have spoken this afternoon, with the exception of the sponsor. At least the hon. member for Lethbridge (Mr. Blackmore) predicated his submission upon a monetary theory that is not now the orthodox and accepted way of financing government expenditures in this country.

[Mr. Zaplitny.]

But others who have spoken, I take it, assume that the general monetary policy pursued in this country at the present time is, generally speaking, the one that should be pursued. And within the context of that assumption it should be noted that the proposal made by the hon. member for Lethbridge, on the basis of 1951 figures, assuming a population aged 60 of 1,631,900 would cost a total of $1,174,968,000. On the basis of an estimated population aged 60, for 1954, of 1,734,000, the total cost of that program would be $1,248,480,000. This would mean that we would spend in 1954, for old age security, not the sum of $339 million, as we now estimate, but an additional $900 million.

Now, I ask the hon. member for Winnipeg North Centre (Mr. Knowles) and the hon. member who has just spoken, and who generally gives great thought and care to what he says, if they seriously wish anyone in the house or in the country to believe, having in mind even the present level of the national product, that it is possible for us to do these things?

I take second place to no man in my desire to see improved and responsible social measures; but it is my duty as Minister of National Health and Welfare to point out the limitations and the extent to which some of these things can be realized.

Mr. Argue: Try deficit financing.

Mr. Martin: My hon. friend says to try deficit financing. Well, let me tell him what the provincial treasurer in the province of Saskatchewan has to say about irresponsible suggestions such as are made from time to time by some people, including the hon. member. Here is what Mr. Fines, provincial treasurer in Saskatchewan, said the other day:

> We must not increase our social services and health services and educational services to a level beyond which we cannot maintain them.

Those are words which, if used by me, would bring opposition at once from my honourable and genial friend, the hon. member for Winnipeg North Centre. But I have quoted, not a Liberal—no, not a doctrinaire Liberal—I have quoted the provincial treasurer in the only socialist government in this part of the British commonwealth.

Seriously, sir, I think we must realize that when proposals are made in the House of Commons they can raise false hopes; and I suggest the proposal made today, having in mind that it would be financed under an orthodox financial system, is one that cannot be taken seriously. When one considers that the total expenditures of the government

are in the neighbourhood of $5 billion, can an hon. member suggest that, in one particular field alone, we should make an increase which would cost an extra $900 million on top of what we are now spending? I suggest that is a proposal which cannot be taken as having been offered on serious reflection.

Before the recommendation by the parliamentary committee on old age security in 1950 we were spending $106 million on old age pensions. Today we are spending on old age security, as I said, for 714,197 recipients the sum of more than $28 million a month by way of old age security in respect of those aged 70 and over. We are spending for the fiscal year 1953-54 the sum of $339 million; and every year there is an increase on an average of about $15 million. When one takes into account the ageing of our population, it will be seen that the cost will grow.

Even on the basis of the present amount, which represents three and a half times what we were spending three years ago, old age security within the next few years will become the most expensive single item in our social security program. On the 700,000 to 800,000 aged 70 and over—and I am not now dealing with those aged 60 and over—we will be spending more than we spend now for two and a half million families, with five million children, through family allowances; three times as much as for disability pensioners of world wars I and II, and three times as much as for unemployment insurance benefits paid out to insured unemployed members of our entire national labour force of 5 million paid workers.

Mr. Knowles: Will the minister relate that to our defence budget as well?

Mr. Martin: Our defence budget is around $2 billion. I would suggest this. The government will be introducing during this session a nation-wide scheme of disability allowances. As I said earlier, and as the Prime Minister (Mr. St. Laurent) indicated, the government, having in mind its responsibilities in peace and war arising out of our relations with other countries, having in mind our other domestic obligations, continually bears in mind the desirability of providing responsible measures for social welfare for our people. When these various schemes are proposed without any relation to what we are doing in other fields, without any relation to what we still have in mind, I suggest that they present the greatest obstacle to the realization of other measures which in the course of time, in the light of our obligations, we will want to consider and propose.

Do we want to see a nation-wide scheme of disability allowances such as contemplated by the government at this session of parliament?

Mr. Knowles: Hear, hear; and soon.

Mr. Martin: Do we want to see Canada's national health program expand in public health, cancer control and so on.

Mr. Knowles: Yes, and health insurance too.

Mr. Martin: Do we want to see improvements in certain features of veterans' social welfare measures? Do we want to see improvements in our unemployment insurance provisions? Do we want to see improvements in the provisions we make for the blind? Do we want further measures taken to relieve the burden on our people in the matter of our hospital and medical care? If we really want to see these things done, then I ask my hon. friend if he really is sincere. If we are really sincere, no one then will make a proposal which at this time we all know could not possibly be accepted and would only thwart the fulfilment of these other objectives.

The hon. member for Winnipeg North Centre was a member of a parliamentary committee that went into the whole question of old age security. That committee, made up of all political parties, was of the view that we should now try to base our social security measures on the contributory principle in so far as that was possible, if we were going to extend universal coverage as distinguished from the partial coverage system that they have in the United States.

Well, now, if we were sincere then, why should we be less sincere now in trying to maintain the contributory principle? Here is what the committee of which the hon. member for Winnipeg North Centre was a member, of which the hon. member for Red Deer (Mr. Shaw), representing the Social Credit party, was a member, a committee which did distinguished work, said:

> The committee is in favour of the contributory principle, not only because of the importance of this in raising total moneys required, but also because of the importance of establishing a close association in the mind of the individual between his contribution to the cost and the ultimate benefit he is to receive.

That was what all hon. members wanted in 1950. If we are going to still maintain that principle which they advocated with great vigour, then they should at the same time not bring in these proposals without letting the country know what it would cost by way of additional contributions by the people of Canada. This would mean an additional cost; it would impose an additional burden not of 2 per cent, but a burden going up as high as 10 per cent on individual persons in this country.

I commended the members of that committee when they made that recommendation to the house for the objective approach that they had made to this problem. I should like to think that in the consideration of these important matters I would be able to continue to commend hon. members for adhering firmly to the principle that they themselves recommended to this house. If they do that, they will find that we shall make very considerable progress in developing responsible social measures for the people of this country whom we all want to help.

Mr. Knowles: Will the minister permit one question?

Mr. McIvor: I want to ask one question.

Mr. Fulton: We are not in committee.

Mr. Knowles: Is the minister for or against an increase in old age pensions?

Mr. Martin: There is no one in this house who is not as anxious as the hon. member to do what they can to improve the welfare of any segment of our population.

Mr. Knowles: Where does the minister stand?

Mr. Noseworthy: I want to ask the minister what answer we are to take back to the old age pensioners who are now literally starving on $40 a month?

Mr. Martin: The answer to take back is this. The hon. gentleman can point out that in addition to the assumption of full responsibility for people 70 years of age and over the federal government is now being assisted in what it is doing for our aged citizens by supplementary payments that are being made in the province of British Columbia to the extent of $15, in the province of Alberta to the extent of $15, and in the province of Saskatchewan to the extent of $2.50. I would say that if my hon. friend really wanted to, he should examine the extent to which all provinces are bearing their share in the matter of supplementary assistance.

BRITISH COLUMBIA TELEPHONE AND TELEGRAPH SYSTEM

Mr. E. D. Fulton (Kamloops): Mr. Speaker, perhaps we should leave this interesting debate on old age security where it now lies. Hon. members from the C.C.F. party and Social Credit party have had their answer, but I am quite sure no one could advise them as to what interpretation they put on the answer given by the minister. I must say that it did not seem to me to deal very specifically with their questions; but I want now to deal with another matter which is of concern to the whole province of British Columbia.

Mr. Martin: Sometimes the best way to water a garden is not to put water on it.

Mr. Fulton: That is a profound observation.

Mr. Knowles: The minister is all wet.

Mr. Fulton: I want to bring forward a matter which is of concern to a large area of the province of British Columbia, namely, the sale and transfer to the Canadian National Telegraphs and the British Columbia Telephone Company respectively of the government telegraph and telephone system in that province.

The government telegraph and telephone system serves the central and northern areas of the province and some portions of Vancouver island. For some time we have been trying to obtain from the Minister of Transport (Mr. Chevrier) a full statement of the position which is going to result from this sale and transfer. The minister has indicated to us from time to time in replying to questions that he feels himself not in a position to give any details on it for the reason that negotiations with the purchasers are still continuing. The fact is, Mr. Speaker, that, according to the last information I have, the transfer is going to be made effective as of April 1, just one week from today.

The reason I am bringing the matter forward now is that there are matters which are giving very great concern to the public generally served by that system as well as to the employees of the system, and it would seem to me to be a rather hollow discussion if we are not to have any details or are not going to be in a position to make any recommendations as to the points that should be covered in the terms of sale or, alternatively, if we should find that these features are not covered, and we are not going to be in a position to make any protests until the transfer is made. If we are going to make protests and carry on a discussion after the transfer has taken place, at a time when the chance of effecting adjustments and obtaining satisfaction with respect to these points has gone by, then it would be a hollow discussion. It is for that reason that I raise the matter now, although I appreciate the obvious difficulty the minister finds himself in while negotiations are in process.

I suppose the negotiations are of a character that might normally be regarded as private, and it is difficult to make public the details of what you are actually negotiating at the time the negotiations are taking place. But I raise the matter now for the further purpose that the minister may know,

and the purchasers may know, the opinion of this house and of the member who represents a constituency where a large area is dependent upon this service. The government and the purchasers will thus learn the conditions which we feel should be covered in that transfer concerning the protection that should be afforded to the public with respect to continuation of service, and to employees of the government system with respect to their seniority rights if they transfer to the service of the purchaser, and also with respect to their superannuation rights.

Now, I do not think I need to go into much detail, Mr. Speaker, as to the importance of this question to the area served. I believe it will be sufficient if I say that by and large it is a comparatively sparsely populated area, a portion of which lies in my constituency. It is mainly farm and ranch country, including the territory from Ashcroft and Lytton to Lillooet and the whole of the Cariboo and Chilcotin range area. There are some settled communities, but by and large it is sparsely populated country with quite rigorous winter conditions. It will be seen that the maintenance of telephone communications is a very real consideration to the inhabitants of a country of that sort. It is, therefore, from that point of view first that I should like to say a few words on the matter; that is from the point of view of the continuation of service to those presently using the government-owned system.

As a result of such information as I have been able to obtain on this matter in answers to questions that have been asked in the house, I find that an important consideration arises in relation to the price to be paid by the purchasers. When the minister announced on November 12, 1953, that negotiations had been concluded to the point where he was able to say the system was being sold, he told us the purchase price was $1·5 million. That is the total price to be paid by the two purchasers together.

I asked on February 3, 1954, for information as to the value of the system, and as reported at page 1734 of *Hansard* for that day, the minister informed me that the system had been valued by the Department of Transport at $4,436,000; by the Canadian National Telegraphs at $3,776,000 and by the British Columbia Telephone at $2,357,000, but the telephone company valuation covered only a portion of the system. I should say that those valuations were based on the replacement cost of the system, depreciated as of June, 1952. It will be seen, therefore, that the total purchase price of $1·5 million to be paid by the purchasers is just about one-third the valuation made by the Department of Transport, and well under half the valuation placed on the system by the Canadian National Telegraphs as a result of their survey.

The fact is that the purchasers are getting a system the depreciated replacement cost of which exceeds by two or three times the amount that they are paying for it. There is a considerable concession being made from the point of view of purchase price. This being the case, Mr. Speaker, not only are we entitled to ask why that small purchase price, in terms of its relationship to the actual replacement value of the system, is being paid; we are entitled also to insist upon the most stringent assurances that the purchasers will be bound to continue the service, even in those areas where the service might not operate at a profit.

I think it is true to say that in some of these sparsely populated areas where there is a long telephone line, it is obvious the number of subscribers paying for the use of the line will not be enough to produce an actual operating profit. The system is being sold to a private company that is in business, and can only continue in business, on the basis that it makes a profit on its over-all operations. I make no criticism of the private company from that point of view; that is the only way they can continue to operate. The point I am making is that they might be tempted to say, well this line obviously does not operate at a profit and we should discontinue the service there until such time as the population increases so we can show a profit or at least operate without a loss.

I maintain that since they are getting this concession with respect to the purchase price, there must be the most absolute conditions written into the terms of sale so the companies will be required to continue the service to these sparsely populated areas. I should like an assurance from the minister that such a provision will be written into the terms of sale.

I believe, too, that we should have assurances that the terms of sale will contain satisfactory restrictions on the right of the purchasers to apply for rate increases. It is true that, in this respect, both the British Columbia Telephone Company and the Canadian National Telegraphs come under the board of transport commissioners. However, neither the railway company nor the telegraph company has displayed any undue reluctance in applying to the board for increases in rates where they feel such increases are necessary if they are to continue profitable operations. Once again I point out that if they are to take over this system

at a price that is less than the value of the system, and they are obtaining what is a valuable and exclusive franchise in that area, there should be not only the most strict provisions requiring them to continue the present service and to improve it where possible, but also a restriction on the right to apply for increases in rates.

This is a rapidly-growing area and the franchise will be most valuable in the future, and although they are obtaining it on these advantageous terms, I take it as a fact that they will be able to show that portions of the system are not operated at a profit, and that might normally be taken to justify an application for an increase in rate. My position is that having obtained these advantages they should be required to accept restrictions on their rights to increase rates.

Now, Mr. Speaker, it may be of interest to the house and to the country to know just what these purchasers are getting, at least with respect to the telephone system. On January 18, the minister answered another question of mine, as appears at page 1190 of *Hansard* for this session. He gave details as to what the system comprises, I find there are 4,720 telephone sets in the government telephone system.

There are 37 exchanges; or rather, counting those places where there are multiple switchboards, there are 37 exchange switchboards. Anyone here who has studied the matter knows that a switchboard is a highly complicated and very expensive piece of machinery—think what 37 of them represent. There are 3,159 miles of pole line which, at approximately 35 poles per mile, makes 110,250 poles. There are 17,661 miles of wire, of which 11,354 miles are copper wire. That information will indicate that it is an extensive and valuable system with a great deal of expensive and complicated equipment.

We also find, as appears at page 1190 of *Hansard* for January 18, that since 1943-44 there have been seven repeater stations constructed, all comparatively new installations, four of which have been taken over by the Canadian National Telegraph Company and three by the British Columbia Telephone Company. The total cost of these repeater stations was approximately $685,000. In other words the cost was not very far short of half the total purchase price of $1,500,000. It will therefore be seen that these companies have acquired between them a very valuable and extensive system with an exclusive franchise, and they have acquired this at a price which is considerably less than the replacement cost of the system, according to the government's own figures, and at a price, I suggest, very much less than the actual worth of the system on an installed cost basis.

In view of that feature, if for no other reason, my position is that we are entitled to assurances from the minister. If he says he is not in a position to give us any details today we are entitled to assurances from him that binding conditions will be inserted into the agreement for sale and transfer which will require the purchaser to continue the service as it exists at present, at no less frequency than it operates at present, and which will restrict them in their right to apply for increases in the rates.

I would like next to say a word about the position of the employees of the system. There are many hundreds of faithful civil servants engaged in the operation of the government telegraph and telephone system throughout British Columbia in that part of the province which I have described, and throughout my constituency, the constituency of the hon. member for Cariboo (Mr. Leboe) and the hon. member for Skeena (Mr. Applewhaite). It is and always has been the only communication system available, and by and large the regard of the population for the personnel who serve them and operate the system is of the very highest order.

Many of these men and women have many years of service in that government system. I believe it is only proper therefore, and I know the minister shares this feeling, that we should insist that so far as it is possible the position of these government servants should be protected. Where it is possible to arrange for them to be absorbed into the staff of the purchasing companies that should be done, and due regard should be paid to their present seniority. Some arrangement should also be made to carry into the purchasing companies their superannuation or pension rights. I am satisfied some arrangement could be made between the Department of Finance and the purchasing companies to facilitate such a transfer.

I would also suggest it is but fair to insist that where it is not possible to absorb any of the employees of the government system into the staff of these purchasing companies so that an employee is in a position of relative equality to that which he enjoyed in the government service, then arrangements should be made for these men and women to be absorbed into some other branch of the civil service. I do not believe it is fair that men and women with long and faithful service should be left, as it were, to fend for themselves after having given such service, nor that they should be placed in that position as the result of a decision over which they have no control.

We have already asked the minister for assurances in this regard. The reason why I

believe it is safe to say the minister shares our feeling in this respect is that he has from time to time given us assurances that this matter will be looked after, and that negotiations are proceeding with the purchasers to work out the details on this point.

I was therefore very much disturbed when on March 16, eight days ago, I received a telegram from the Vancouver branch of the Amalgamated Civil Servants of Canada reading as follows:

> Statement made in house by minister transport recent date to effect efforts being made by C.N. Telegraphs and B.C. Telephone Company place as many employees possible but minister also stated he did not know what final disposition of staff would be. C.N.T.—

That is C.N. Telegraphs.

> C.N.T. representatives now interviewing employees various offices state no recognition of past service government telegraphs being considered and employees seniority dates from day of entry into C.N.T.; also representatives know nothing what proposed for employees superannuation plan. Entire staff of government service definitely contend this intolerable situation and submit their welfare not at all safeguarded. Employees consider be grave breach faith if departmental communications sold before these questions namely past service recognition superannuation rights and salary clarified for well-being employees and announcement made to employees by department understand proposed date set for takeover April first.

When one receives a telegram which contains a very disturbing communication to the effect that the rights and the position of the employees are simply not being safeguarded, at least in so far as the C.N. Telegraphs are concerned, and one receives it just about two weeks before the actual date of transfer, then our concern is understandable. That concern is shared by my colleagues in my own party from British Columbia, and also hon. members from British Columbia in the C.C.F. and Social Credit party, and I am sure by hon. members in the Liberal party as well. We therefore wish to obtain assurances from the minister that these matters will be rectified and will be adjusted in so far as the Canadian National Telegraph Company is concerned, and that provision will be made by them to absorb the employees of the government system with due recognition for seniority rights and with proper arrangements to carry forward their pension and superannuation rights.

I understand from conversations with the minister that apparently the British Columbia Telephone Company has not found the same difficulty in making satisfactory arrangements, and I must confess that I have received no complaints from anyone on the telephone side of the government service. The complaints I have had with respect to the position of employees relates only to those on the telegraph side. I should like to supplement what I have just read with some specific information with respect to one employee. I am not going to mention his name but a summary of his position will indicate just how unfair this could be to an employee or to all employees of this sort unless some satisfactory solution is worked out.

This is a man with 20 years' service with the government telegraph and telephone system, on the telegraph side. He has been offered what is called a swing-relief position at a salary of approximately $260 per month. He points out that that position is not at all comparable with the position that he now occupies with the government service and that, with the bidding rights available to operators on the Canadian National Telegraphs, he is apt to stay in that position for a long time because he does not carry with him into the Canadian National Telegraphs any seniority, not even proportionate seniority based on the 20 years' faithful service that he has put in with the government service. Then he points out that suppose he should decide that the offer made by the Canadian National Telegraphs is not sufficiently attractive because it is not at all comparable with his present job and that he has no seniority in it, he would have to look around for other employment or else go on superannuation. Yet, by what I can only call, under these circumstances, a cruel stroke, he points out:

> Under the new superannuation act effective January 1, 1954, it will be another seven years at least before I will be eligible for pension benefits.

He is now 43 years of age. He has had 20 years' service on the government system. By the new act, which became effective January 1 of this year, he has to wait until he is 50 before he can draw his own superannuation. He would therefore have seven years to wait. Then he says this:

> An employee entering the Canadian National Telegraph service over 40 years of age is not eligible for pension benefits.

He is just three years over 40 years of age; he has seven years to wait before he can draw his own pension. Yet he cannot qualify under the Canadian National Telegraphs superannuation fund. So he has seven years to wait for his own superannuation to start, and no seniority and no pension rights in so far as the Canadian National Telegraphs are concerned.

He goes on to point out that he has paid into the superannuation fund for 20 consecutive years, has also paid up some back time, and that these contributions were paid under the provisions of the old act which provided that in the case of abolition of office—which

is what is in effect happening here—of a permanent employee, pension benefits would commence immediately. Yet as I have said, by what under these circumstances amounts to a cruel stroke, by virtue of the regulations which came into effect on January 1, and because he does not cease to be employed by the government service until April 1 that three months interval has the effect of depriving him of his pension rights under the government superannuation scheme until he reaches the age of 50.

I have placed that individual case before the minister and the house because it serves as a clear illustration of the unfairness that can result to the employees of the government system unless some satisfactory arrangement is worked out with the Canadian National Telegraphs to cover the employees on the telegraph side.

I do not wish to take longer on this matter. There is much more material that I could read into the record, including further material from the amalgamated civil servants branch in Vancouver, but I think I have said enough to outline the situation. I should therefore like to conclude with this suggestion. If there could be an opportunity for a full report as to the extent to which the interests of the public and of the employees are being safeguarded in the sale agreement, before April 1, that situation will take care of itself; we can discuss the matter in the light of the facts of which we then have knowledge and we shall have a few days—it may only be a few days, it is true, but it will still be valuable time—in which to try to force an adjustment if we should find that the situation is not satisfactory from the points of view that I have mentioned.

If, however, the minister finds that the negotiations on these points are not going to be completed until after April 1, I would urge most strongly that the justice of the situation demands that the turn-over date be postponed until after April 1, in fact, until after the agreement is concluded, so that the agreement can be laid before the house and can be discussed in the house before the physical assets are transferred.

For the reason I gave at the beginning, if the system is to be handed over before the house knows what are the terms of the agreement, then any dissatisfaction which we might express would be useless, and any discussion which would take place as to the terms of the agreement would be a hollow discussion indeed because we would be dealing with an accomplished fact. We could register our protests, we could say what we wished had been done, but the fact would be that what has been done will have been done and we would be powerless to change it. I have tried to lay before the minister, as briefly as I can, the things which I think should be incorporated in the agreement. I hope he will be able to give us some assurance, either that these matters are in fact being satisfactorily written into the agreement or, if he is not able to report to us at the present time on the situation of these negotiations, that he will postpone the date of the transfer.

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, I wonder whether I might be allowed to interject here the remarks that I would have made at the normal time but should like to make now because, just as soon as I have made my observations, it is necessary for me to leave the house.

I want to thank the hon. member for Kamloops (Mr. Fulton) for raising the question in the fair manner in which he has raised it. As he has said, I know that there are other members of the house who are keenly interested in the subject of this sale, as there are on this side of the house. Over and above those who I know will take part in this debate, I want to make special mention of the correspondence which I have had, more particularly with the hon. member for Skeena (Mr. Applewhaite) and other members from British Columbia on this side of the house about the transfer of these assets.

The hon. member for Kamloops has, in effect, dealt with two main questions, first the price of the facilities that are being sold and, second, the conditions of employment after the transfer. I should like to follow him in sequence on those two points. It is a fact that the assets of the government telephone and telegraph services are being sold for $750,000 to the Canadian National Telegraphs and, in the same amount, to the British Columbia Telephone Company. Those assets were valued at various prices following a survey in 1952 made jointly by the British Columbia Telephone Company, the Department of Transport and the Canadian National Telegraphs.

According to the Department of Transport survey the total valuation was $4,436,000; according to the Canadian National Telegraphs survey it was $3,776,000 and according to that of the British Columbia Telephone Company it was $2,357,000. No appraisal was made of these facilities on the basis of depreciated value of capital originally invested. This would have been a complicated study since many parts of the system are very old and moneys have been spent from time to time on renovation and replacement as well as on new services. However, it is quite reasonable to assume that had the

appraisal been based on depreciated value of capital invested instead of on replacement value, the figure would have been very much lower, in all probability lower than the offer which has been accepted.

It is the policy of the government to provide service such as this in isolated areas until such time as private initiative or private enterprise can take them over. That time, it appeared to the government, had arrived, and we had before us a joint bid or joint offer from these two companies. But that joint offer must be considered in relation to the operation of the government facilities. By that I mean the financial operation, whether or not there was a profit or a loss, and over the years the financial operation has not been a good one. Having regard to that as well as to the large capital expenditures required in the very near future to place these facilities in a better operating condition, and also having regard to the increasing traffic, particularly in the northwest part of the province, we had to give serious consideration to this offer.

Let me bring this to the attention of the committee. The cost of operating the government telephone and telegraph system in British Columbia for the year 1952-53 was practically $1 million. The exact figure is $997,881. For the first six months of the current fiscal year operating costs amounted to $638,381, an increase of $41,573 over the corresponding period of last year. I have here the financial results of these facilities for the last three years. For 1950-51 operating expenditures were $863,000—I will give round figures—earnings were $599,000, and the deficit was $264,000. For 1951-52 operating expenditures were $935,000, earnings were $787,000, and the deficit was $148,000. For 1952-53 operating expenditures were, as I have already indicated, $997,000, earnings were $858,000 and the deficit was $139,000.

I referred to capital expenditure for the future. We had before us a report prepared by the departmental officials indicating a capital expenditure of approximately $3 million over the next four years. That was required to renovate and to expand the existing system which is now heavily overloaded. During a portion of this period there would be an operating deficit now estimated at about $300,000 provided leased circuit demands anticipated at the present time actually materialize.

In the face of these circumstances and having been presented with these offers, we came to the conclusion that we should accept. I should say that in the case of Canadian National Telegraphs the offer for their part of the facilities was from the outset $750,000.

B.C. Telephone and Telegraph System

However, the offer of the British Columbia Telephone Company was not that at the outset because when that company had completed its survey and had made a complete valuation of the facilities it felt that the amount of expenditure required on the line was such that it could not offer a great deal, and they were told that if that was the position the government would not consider a sale.

Having regard to that, the company first decided to offer $110,700. This was turned down. Then the company increased its offer to $400,000, which was also refused. Finally, it raised its offer to $750,000. When the offers were submitted to the government the government felt, having regard to all the circumstances, having regard to the expenditure of money which was required, that they were fair offers and did accept, namely, a total of $1,500,000.

Having disposed of that, the next step was to enter into negotiations to ascertain the conditions upon which the transfer would be effected. When the government had made its decision to accept the offer it was indicated to these purchasing companies that we proposed to include in the agreement for sale certain conditions that would protect not only the employees but also those who were receiving services in the area concerned. Here are some of the conditions that we indicated to the purchasers we proposed to include in the agreement for sale:

1. As of the date of the sale, the federal government will no longer operate its telegraph and telephone service west of the Rocky mountains. The said service will not again operate in that area nor will the federal government be in any way responsible for the provision of such services.

2. The B.C. Telephone Company . . . will give, or cause to be given, telephone service to all places and communities now served by the above-mentioned facilities—such service at all times to be at least equivalent to the service heretofore given by the government telegraph and telephone service.

3. The Canadian National Telegraphs will give or cause to be given telegraph service to all places and communities now served by the above-mentioned facilities—such service at all times to be at least equivalent to the service heretofore given by the government telegraph and telephone service.

4. The new owners will promptly and efficiently and without undue delay augment and increase their telecommunication facilities so as to supply adequate service as required from time to time by the development of the above described area.

There is set out as an annex the areas where these facilities exist.

5. The new owners will employ—

This is the matter to which the hon. member has given attention.

—all personnel now on the payroll of the government telegraph and telephone service who meet their employment requirements and who are desirous of being so employed and will give such employees every reasonable consideration for employment in other parts of their systems.

6. The new owners agree to inspection of the area from time to time as may be deemed necessary or desirable by the federal government to ascertain if the conditions of this agreement are being met.

Mr. Fulton: For what term is the right of inspection expected to continue? Would that be a permanent thing?

Mr. Chevrier: This is a general condition as set out in the proposal for the agreement for sale. No time has been mentioned there, but I suppose it will be worked out in the agreement. I am not able to answer that. A series of discussions were then held between the government, British Columbia Telephone Company and Canadian National Telegraphs. I can say here and now that the discussions with the B.C. Telephone Company have been conducted on a very satisfactory plane. For instance, the B.C. Telephone Company has informed the department that it is willing to take over, as of the effective date of the sale, all of our people then engaged in telephone work in the British Columbia division and who were employed with the telephone service. There would of course be a provisional period of not more than nine months and if during that time the ex-government employee's services are satisfactory he or she will then become a full-fledged employee of the telephone company.

The company has stated further that in no case will there be a reduction in salary and that in the majority of instances there will be an increase. We thought that was a very fair offer.

Mr. Green: Could I ask the minister whether there is any provision for superannuation?

Mr. Chevrier: I am coming to that.

Mr. Fulton: I think that is very fair too.

Mr. Chevrier: With reference to existing services, the company is undertaking to provide telephone service to all points served by the facilities which it is purchasing, such service to be at least the equivalent of what was given by the Department of Transport. The company wishes to commit itself only to the provision of such additional service as it considers reasonable.

My hon. friend asks: What about superannuation, etc., and I suppose that includes seniority. There then followed a series of discussions having to do with those matters. I think that in so far as seniority is concerned the position is a satisfactory one because the British Columbia Telephone Company has indicated to us that they have a collective bargaining agreement with their employees. To the question which was asked of them, in these words:

Will seniority rights apply on a local or system basis?

[Mr. Chevrier.]

The reply by the British Columbia Telephone Company was:

Seniority rights will apply on a system basis consistent with Article XII of the British Columbia Telephone Company agreement with federation of telephone workers, which reads:

"Arrangements of staff shall be made on the basis of ability, seniority, merit and service requirements. Seniority, under all circumstances, shall be given every consideration."

And then, with reference to superannuation, I might say that the matter is a pretty complicated one, and it would take a great deal of time to discuss it in detail now. I believe however I can put it in this way, by saying that none of our employees—and I am speaking now only with respect to British Columbia Telephone—will lose superannuation benefits from the federal government. Employees entering the service of the British Columbia Telephone will be brought under their plan; and from the letters I have seen and read I believe I am safe in saying that their plan is an even better one than we have in the Department of Transport to cover government employees. I say that because the wage rates are higher. That is, I believe, on the subject of superannuation, the arrangement that the telephone company intends to put into effect and which, in so far as I understand the situation, I feel will be a satisfactory one.

Now, then, the other point raised by my hon. friend was that of Canadian National Telegraphs. I have been unable to give the house any information in the matter, because it was thought that if first we could dispose of the arrangement with the B.C. Telephone Company, we could then proceed to enter into a detailed discussion with Canadian National Telegraphs. It has not been possible to do that until this week. The officials of my department are this very day in Montreal discussing with Canadian National Telegraphs the points I am now relating in regard to the telephone company.

They are discussing not only the question of employees that will be taken over, not only the question of salaries which will be paid, but also the matter of seniority, superannuation, and all such other matters. Therefore I am not in a position to make a statement in so far as that is concerned, other than to say that I am hopeful that Canadian National Telegraphs would not want to place themselves in a position of inferiority vis-à-vis British Columbia Telephone Company, in so far as the treatment of our employees is concerned. I know that I have already in my conversations with the president of the Canadian National Railways brought to his attention the importance of dealing with these people on a fair and equitable basis;

and I am sure from communications I have received from him that he will be co-operative to the fullest extent.

My hon. friend suggested a method of procedure, that of holding over the agreement for one or two months until we know what the position is. Well, in answer to that all I can say is that we have no funds in the estimates after April 1 to make that provision. Negotiations have taken a far longer period of time than I had anticipated and certainly longer than departmental officers had anticipated. But if there is any fear that any of our employees will be prejudiced, there are still the sittings of the committee on railways and shipping, which will begin on Monday. The officers of the Canadian National Telegraphs could be made available if necessary. It is the Canadian National Railways we are studying—their annual report, and general business activities—but I think I could make available officials of Canadian National Telegraphs if it were thought necessary.

I am hopeful that it will be possible to make this transfer on April 1 in a manner as equitable as possible under all the circumstances. There are bound to be some difficulties; there are bound to be complaints. We cannot cover them all. My hon. friend has brought up one case with which I must say I am not familiar, but I shall read in *Hansard* what he has said and see what the position is. If I am able to make a statement —and I hope I shall be able to before April 1 —as to the rest of this transaction, I shall be glad to do so. But, so far as I can see, I do not think there is any reason why there should be undue anxiety over the matter.

Mr. Green: Will provision be made by the government to retain in the civil service those employees who cannot be taken over by the British Columbia Telephone Company or Canadian National Telegraphs?

Mr. Chevrier: I would not like to answer that until I can look at the position in greater detail. From the statement I have made to the house thus far it would appear that all the employees can be taken over by British Columbia Telephone Company. So that that point will not arise. I know also that in the case of Canadian National Telegraphs there are a number of men who have reached retirement age; some are over 65 years. It would not be the intention of Canadian National Telegraphs to take those men on. I do not think the house would expect that to be done. And there are one or two other cases where the position is a little more difficult. For that reason I think I should withhold my answer until I know the number that Canadian National Telegraphs and British Columbia Telephone Company are able to take on.

Mr. Leboe: I should like to ask the Minister of Transport a question with regard to the extension of services in that part of British Columbia east of the Rockies, which might take up some of the slack, so far as personnel is concerned.

Mr. Chevrier: Does my hon. friend mean extension of facilities by ourselves or by British Columbia Telephone Company?

Mr. Leboe: By yourselves, east of the Rockies.

Mr. Chevrier: Is that included in this sale?

Mr. Leboe: No; how will the sale affect services there? I thought perhaps the minister might be planning extensive work there which might take up some of the slack, so far as members of the staff are concerned.

Mr. Chevrier: Well, in so far as the facilities being sold are concerned, we will have no further responsibility for any extension. In so far as facilities that are not being sold are concerned, well, that is a matter of policy which will have to come up when from time to time facilities are required. I cannot answer that now.

Mr. Barnett: In relation to the question just asked by the hon. member for Cariboo, I am under the impression that the minister misunderstood the import of the question. As I understood the question—and I would like to know the answer myself—in the case of one who is now employed in the British Columbia division and who wishes to remain in the government service, would provision be made for his transfer to a division of that service which is not involved in this sale so that he could continue his employment with the government telegraph and telephone organization?

Mr. Chevrier: I think the intention is to have all the employees taken over either by British Columbia Telephone Company or by Canadian National Telegraphs. If there are some who are not going to be taken over, then consideration might well be given to their employment in some other part of the service.

INCOME TAX COLLECTIONS FROM FARMERS IN CALGARY AREA

Mr. D. S. Harkness (Calgary North): Mr. Speaker, I wish to raise a grievance concerning methods employed in collecting or attempting to collect income tax from certain farmers in the Calgary area and other places.

Income Tax—Calgary area farmers

This matter came to my attention while I was in Calgary during the Christmas recess, at which time I was shown a letter sent to one of these farmers from the income tax office demanding a large amount of information. The information supplied as a result of the letter, and an interview with the farmer, was then used for the purpose of determining his net worth and then, in many cases, imposing arbitrary assessments for income tax purposes.

I made a copy of this particular letter. It was headed in this way: "Re income tax returns 1946 to 1952, inclusive." In other words, they were going back a considerable length of time. I will not take time to read it all because I want to get finished shortly. In any event, the farmer was required to come into the income tax office and bring his records. The letter says:

Please bring with you all record books, vouchers and receipts pertaining to the income and expenses of the years under review; also your bank pass books or ledger sheets (all banks), for both current and savings account (a wife's account to be included) and your cancelled cheques.

The farmer is asked to give all sorts of information in regard to land owned, when it was secured and so forth, balance of principal owing, interest and so forth during this period. He is asked the same in connection with any land that had been sold and in connection with all chattels; he is asked questions in regard to his machinery and so forth back over all this period. He is asked about items he had purchased, the original cost, the date and month of sale, the selling price or trade value and the name and address of purchaser or dealer. He is asked the same in connection with all livestock.

It is manifestly clear that when you ask a man to go back six or seven years and tell how many pigs he had on a certain date and how many chickens he had and so forth, he just cannot do it; he has to guess at it. In other words, a good deal of the information was not such as 99 farmers out of 100 could reasonably be asked to furnish or could furnish. Then the letter goes on to say that:

"Certain other information respecting your affairs will be requested at the time of the interview. If you are unable to attend on the day mentioned, please arrange for an alternative date to suit your convenience.

You will realize that this arrangement affords you a reasonable convenient opportunity of giving or requesting needed information and enables you to produce documents for examination without the difficulty that sometimes arises through correspondence.

Your efforts in assembling the records and bringing them with you at the appointed time and place will be appreciated and should serve to provide a proper understanding of your affairs which may be of benefit in the future.

[Mr. Harkness.]

The whole tone of the letter is to give the farmer the opinion that this is going to be of benefit to him, to help him out. Any benefit that might be derived from that procedure was quite naturally going to be for the income tax officials and not for the farmer. That certainly is not the way the thing was worded, and the understanding which I think was wrong was that it would help the farmer. I put some questions on the order paper in connection with this matter. The first question was: Was a letter of this kind sent out? The answer was yes. The answer was contained in a return dated February 12, 1954. The second question was:

If so, to how many farmers?

The answer was:

Approximately 500.

That is in the Calgary income tax district. My third question was:

Were similar letters sent to any other class of income taxpayers?

The answer was no. I would ask first of all why our farmers of all the classes and groups of taxpayers in Canada are singled out for this particular type of treatment? Why are they the only class of people? If farmers are going to be subject to this type of thing and to the inquisition, which I will come to later, which follows it, why are not other classes of taxpayers to be subject to it? Why pick on only one group of people? Why are they treated in a different way from other income taxpayers in this country? My next question was:

If so, how many of these letters were sent out in each of the provinces?

The answer to that question was:

Answered by No. 3.

In other words, I did not get any further information there. My next question was:

If this letter was sent out, what was the purpose of same?

The answer was:

To arrange a meeting with each farmer, at a time and place convenient to him, at which his income tax returns for specified years could be reviewed and reference made, where necessary, to his books and records supporting the figures shown on the tax returns.

My next question was:

What benefit to the farmers is envisaged?

The answer was:

An opportunity is afforded the farmers to clarify, with the aid of factual data, all points in their returns requiring explanation and to discuss, in general, income tax matters of interest to them.

I submit, Mr. Speaker, that these two answers were, if not designed to mislead me, certainly phrased in such a way that if I took

them at their face value I would be misled, as would anybody else who reads *Hansard*, because the purpose for which this was sent out was quite clearly to establish the net worth of these farmers and in some cases at least arbitrarily to assess them for income tax purposes back over a period of years. It was wrong to answer the question in that way. In other words, it looks to me like an attempt at evasive tactics as far as giving to me as a member of this house and the house generally a true picture of the situation with regard to how this income tax is being collected from farmers.

I put another set of questions on the order paper and got a return on March 3, to further clarify this matter. The first of these questions was:

Were letters, similar to the ones sent to farmers in the Calgary income tax area, sent out to farmers in all provinces?

The answer was:

No. Similar letters were sent in the Edmonton district in Alberta, in Manitoba and in Ontario.

In other words, the only places in Canada in which farmers are having this letter sent out, and in which they are being brought in and subjected to inquisitorial methods, are in Alberta, Manitoba and Ontario. If this is being done in these three provinces to farmers, why is it not being done in all provinces? Why is it not being done in Saskatchewan where conditions are certainly the same as they are in Manitoba and Alberta? Why are these letters not being sent out to those farmers, and why are they not being treated in the same way? The only answer that suggests itself to me is that probably the Minister of Agriculture (Mr. Gardiner) was able to exert sufficient influence so that such treatment was not given to farms in Saskatchewan.

Mr. McCann: Shame; poppycock.

An hon. Member: What is the reason?

Mr. Harkness: The minister says "poppycock". I should like to get any other reason. In other words, this is the one that suggests itself as the only possible reason, because we have exactly the same conditions in Saskatchewan as in Alberta and Manitoba. Yet, the farmers in Saskatchewan are not being subjected to these methods. Again why is it in Quebec, where conditions are certainly similar to those in Ontario as far as farmers are concerned, that such letters are not sent out? Once more the inference that one would draw seems to be fairly obvious.

However, the general question remains. If certain farmers in three provinces are being subjected to this sort of thing, why are farmers throughout Canada not being subjected to it? Why pick on the people in three provinces only to give them this treatment?

Following the appearance of the answers to these questions and some comments I made in the Calgary *Albertan* I received some letters from farmers in connection with this. I have one here which details just what happens when a farmer is called in for this interview which has been represented to him is going to be of benefit to him. This man writes as follows. I will not read the whole letter:

I know of what took place at the meetings, and of the gestapo methods of questioning.

Mr. Speaker: Order. Is the hon. member reading a private document? If so, he will have to divulge the source.

Mr. Harkness: That is fine with me, Mr. Speaker. I wrote and got this man's permission to divulge his name. The letter is written by W. H. Evans of Calgary. He says:

I know of what took place at the meetings, and of the gestapo methods of questioning. Our objection is to the demand for a net worth statement. As far as I can learn no other industry but farmers are asked for a net worth. As so many things over years and years could go into a net worth which are not taxable, I am convinced such a demand is definitely not just. So you will have a clear picture of what takes place at a first meeting with tax officials, the person would go in with receipts and expenditures prepared to answer questions regarding the years asked for. Then without any warning: We want your net worth and how did you acquire those things? In the case of my son the questioning went this way: What did you do with your gratuities when you were discharged from the air force?

Now, there is the first thing. A man who is an air force veteran is taken into the income tax office and the income tax people ask him: "What did you do with your gratuities?" What business is it of theirs what he did with his gratuities? Surely, when a man returns here after fighting for his country, the last thing he should be subjected to some seven or eight years later is a demand to know how he spent the money he got as gratuities.

The next question was, "What clothes do you buy?" Is it any business of the Minister of National Revenue (Mr. McCann) and his officials what clothes a farmer or any other

taxpayer buys? Then he was asked, "Have you been buying any fur coats or jewelry?" This would be for his wife, of course. Once more they are trying to pry into all the details of a man's domestic life.

Then, the next question was, "What does it cost you for board?" They want to know what he pays for groceries and so forth, how much it costs. This is another thing that is no business of theirs. Then, he was asked, "How much do you spend on liquor?" I do not know whether the Minister of National Revenue and his minions are turning themselves into agents of the temperance association, but certainly it is none of their business how much liquor a farmer or any other individual buys. I know the minister would resent anyone asking him how much liquor he buys.

Mr. McCann: I never got any from you, anyway.

Mr. Harkness: These officials are demanding that he give the information or he would be arbitrarily assessed for his income tax. They asked, "Have you been on any holiday trips, and how much did they cost?" The writer of the letter goes on:

> You can imagine how perplexed one would be to have to depend on memory and to have had no inkling such was expected.

The general situation is this, that a certain limited number of the farmers in the southern half of Alberta, which is in the Calgary income tax district, were dragged in and subjected to these gestapo methods of questioning concerning their private affairs. Then, on the basis of that, as I say, the department goes ahead and establishes the net worth and places an arbitrary assessment on it. No doubt they do the same with a limited number of farmers from other provinces. We have not been able to find that out. That is one answer I did not read from this return. I asked:

> Were letters, similar to the one sent to the farmers in the Calgary income tax area, sent out to farmers in all provinces? If so, how many were sent out in each province?

The answer I received was:

> They were sent from time to time to make appointments in a nearby town for farmers in the area. Statistics are not available because this was a routine procedure.

It is not very routine when you have 500 farmers in southern Alberta, and no doubt a like number in the northern half of Alberta, Manitoba and Ontario, subjected to this procedure. It is anything but routine. I would think the first thing the minister should do would be to repudiate these methods and give the house an undertaking that this sort of thing will not be continued at any time in the future.

Mr. Speaker: Is the house ready for the motion?

Mr. Rowe: Is the minister going to answer?

Mr. McCann: I shall answer at the proper time.

Motion agreed to and the house went into committee, Mr. Robinson (Simcoe East) in the chair.

DEPARTMENT OF EXTERNAL AFFAIRS

84. Departmental administration, $3,333,583.

Item stands.

DEPARTMENT OF NATIONAL DEFENCE

239. To provide for the Canadian forces, the defence research board and other expenditures relating to defence, including contributions toward the military costs of the North Atlantic Treaty Organization; to authorize expenditures in the current year out of the amount hereby provided, not exceeding $300,000,000, under the provisions of section 3 of the Defence Appropriation Act, 1950, and to provide that, notwithstanding subsection 3 of that section, where equipment or supplies acquired by the Canadian forces after March 31, 1950, are transferred, the estimated present value thereof shall, if the governor in council so directs, be credited to this vote instead of being paid into the special account mentioned in the said subsection 3, and when so credited may be expended for the purposes of the Canadian forces; and notwithstanding section 30 of the Financial Administration Act to authorize total commitments for the foregoing purposes of $4,577,641,724 regardless of the year in which such commitments will come in course of payment (of which it is estimated that $2,711,822,159 will come due for payment in future years), $1,865,819,565.

Item stands.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

247. Departmental administration, $1,150,272.

Item stands.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

210. Departmental administration, $470,422.

Item stands.

Mr. Harris: Would the committee rise, report progress and ask leave to sit again.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Harris: Tomorrow, Mr. Speaker, the following motion will be presented as the first item after orders of the day:

That items Nos. 84 to 103 inclusive, the main estimates, 1954-55, be withdrawn from the committee of supply, and referred to the standing committee on external affairs, saving always the powers of the committee of supply in relation to the voting of public moneys.

There has been an effort made to ascertain the best means of disposing of the debate which will follow on the presentation of that motion. We have felt that it would be the wish of the house to have a fairly complete survey of matters on external affairs. For that reason, we are suggesting that the first speaker will be the Secretary of State for External Affairs (Mr. Pearson) who will touch on matters in general and then the Prime Minister (Mr. St. Laurent) will make a statement with particular reference to some of the matters concerning his recent trip but more especially with the subject of China.

At six o'clock the house adjourned, without question put, pursuant to standing order.

END OF VOLUME III